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# ***JPRS Report***

## **East Europe**

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# East Europe

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6 May 1992

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### DPS Weekly Interviews Czar Simeon II

92BA0767A Sofia PRAVA I SVOBODI in Bulgarian  
20 Mar 92 pp 1, 4

[Interview with Czar Simeon II by Ivan Palchev in Madrid on 11 March: "Simeon II, Europe Will Open Its Gates for Bulgaria"—first paragraph is PRAVA I SVOBODI introduction]

[Text] The behavior of the Movement for Rights and Freedoms [DPS] is indicative of model behavior, good sense, and constructive political activities.

[Palchev] Your Majesty, did the results of the recent parliamentary elections surprise you somewhat?

[Simeon II] Frankly speaking, I would not say that I am surprised. Perhaps we did not foresee the results precisely for a certain place or the exact percentage. However, generally speaking, there was no surprise.

I think the more interesting and more important thing that ought to be emphasized is the following: Other countries in Eastern Europe are also passing through the same process of democratization, but, in our country, thank God, everything is taking place in a constitutional, peaceful way. This is exceptionally important for our future development.

[Palchev] What is your evaluation of the development of democratic processes in our country after the formation of the first democratic, noncommunist government in nearly half a century here?

[Simeon II] This is a striking thing and a good sign because in a democracy everyone needs to know when to give in and when another is to take his place. This is simply part of the democratic political game.

[Palchev] In our country's current parliament, there is a bipolar arrangement of the political forces—on one side, the democratic parliamentary majority of the SDS [Union of Democratic Forces] and the DPS and, on the other, the minority of the BSP [Bulgarian Socialist Party]. From your statements, made for different reasons, I am left with the impression that you are a moderate man. If this is so, how do you view this political polarization?

[Simeon II] The fact is that there is polarization, and, in my opinion, this is not a very positive thing in politics. Therefore, it is very important to have a third block or third force, which will also provide the possibility of having a solid majority.

Thank you for considering me to be a moderate man. I think this agrees with my feeling that such a guarantee of the political scene is very important.

[Palchev] The BSP received the support of a certain part of the Bulgarian peasants in the elections. To what is this due—to the traditional conservatism of the Bulgarian peasants or to the still ill-defined fear of the unknown in finding yourself faced with the plot of land?

[Simeon II] This is a question that not only our Bulgarian journalists, observers, and officials, but many foreign ones as well, have asked me—the surprise that the Bulgarian countryside preferred to vote for the BSP. I think there is a little more of the second element to which you alluded. However, there may also be a third factor: the lack of sufficient information on the part of the Bulgarian peasant, combined with the preservation of the local governments, inherited from the past. This apparatus is so healthy, built up for so many years, that it still has ways through which it can or could control the votes as well as exert a certain amount of pressure. So the three things together are the answer to your question.

[Palchev] Most candidates for president bet on nationalism and lost. On the other hand, the *Bulgarian Dictionary of Synonyms* gives two synonymous meanings for the concept "nationalism": "chauvinism" and, mind you, as an obsolete form, "patriotism" and "love of one's country". Is it true that in order to be a patriot today you necessarily have to hate someone?

[Simeon II] You see, I am not an etymologist, so I cannot express myself about that which the dictionary asserts. However, I do not know if nationalism really can correspond to patriotism or love of one's country. On the other hand, love of one's country and patriotism are not at all obsolete for me. On the contrary. But, as to the question if you have to hate someone or something, I think that love for one's country and patriotism just emphasize love for something. In all cases, it is necessary to start out from love and not from hate.

In a unified Europe, which we are looking to join, there is hardly a place for such nationalism. However, to love the fatherland, I think that there is nothing bad about that.

[Palchev] Some political circles in Bulgaria reduce the solution of the national question almost to simple control of our ethnic problems. I recall that your father was called "Czar Unifier" during his lifetime. I ask you: What is the place of the ethnic minorities in a united Bulgaria?

[Simeon II] Perhaps because I live abroad and look at things with a broader—or, put another way, international—outlook, I do not understand very well what certain people in Bulgaria want to say about the national problem.

The fact that there are ethnic minorities in a country is a problem of civil understanding. From the point of view of the culture, it is something that enriches a country. Look at Switzerland, for example. It has had a wonderful democracy for 700 years, four languages are spoken, there are several officially recognized religions. I am a tolerant man, and, for me, religion today, at the end of the 20th century, is something very personal and private. As I emphasize again, I see things from outside. I think that to a certain degree many people exaggerate certain things, perhaps being afraid of others because they are

not well informed. This is a matter of good sense and of coexistence, which there always has been.

I want to emphasize one thing: In a constitutional monarchy, not only do all have equal rights, but also, by its very definition, the crown unites. My father had that nickname, if I can call it that, that title of which I think all of us Bulgarians are proud. But, actually, that is the function of a monarch: to unite and to look to represent the country, as he expresses the wishes and interests of all of his compatriots.

[Palchev] Bulgaria was the first to recognize the four republics of the former Yugoslavia: Slovenia, Croatia, Macedonia, and Bosnia-Herzegovina. The parliamentary group of the DPS supported this historic decision of the SDS government. As a small country, don't we have the right to express our opinion, even when the Western democracies still have not clearly expressed their positions?

[Simeon II] This question is fairly complicated, and I will not comment on it because, for the time being, I am in Madrid, and there are others who are responsible for their actions. However, because you ask me, I will give you my personal opinion. If we look, as we must, to Europe, we have an interest in waiting to see what European society will do. And, after that, we follow it: For this reason, we do not need to get ahead of one or another of them and irritate certain circles. That the DSP supported this act is perfectly logical because, thanks to it, the government has a majority in the parliament.

[Palchev] The government of Mr. Filip Dimitrov is manifesting enviable activity in order to acquaint the world with the new priorities in the foreign policy of Bulgaria. How, in your opinion, is the change in the relation of Western democracy to the new political activity in the country manifested?

[Simeon II] Lately, the reports I receive from my compatriots living abroad, from the press, from my friends and statesmen are very positive with respect to this external political activity of the Bulgarian Government. I think that already, little by little, a new image of our country is being created abroad. I am sure that the more actively Bulgaria seeks to be represented in the West and the faster we take measures that would interest economic circles, the more rapidly they will take us as partners. Also, some other doors that may for the moment be half-closed will be opened to us.

[Palchev] They call Bulgaria an "Island of Stability in the Balkans." Most Western politicians do not conceal their surprise at such a development of affairs in our country. It is as if they have underestimated our abilities to overcome the remnants of the past and current difficulties. Are you personally surprised?

[Simeon II] I will not hide that to some degree I am surprised. For so many years in a row they scoffed at us because of the former system, or let's take the old story of

the time of World War I and World War II—the Balkans as the "powder keg of Europe." It pleases me very much, given that we continue as such and consolidate our position as an island of stability. But let us be something more than an island: Bulgaria, in a peaceful ocean together with its neighbors, with whom we will be friends and look toward a common future.

[Palchev] Do you have any impressions of the almost two years of political activity of the DPS?

[Simeon II] In my opinion, respect for the parliament, for the parliamentary institutions, and for the Constitution is important and, I would say, a key element for a democracy. In this regard, I think that all will be in agreement, from the point of view of statesmanship, that the behavior of the DPS shows and points toward model behavior, toward good sense, and toward constructive political activities.

### Kintex Director Optimistic About Arms Exports

92BA0761A Sofia 168 CHASA in Bulgarian  
24 Mar 92 p 8

[Unattributed interview with Anton Saldzhiyski, general director of Kintex; place and date not given: "Under All Regimes, Our Kalashnikovs Continue To Be Purchased; Conversion Proved To Be a Small Mirage, Thinks the General Director of Kintex, Anton Saldzhiyski"]

[Text] Surely the Poles and the Russians clapped their hands when they heard the announcement by the prime minister at the time of his visit to the United States that Bulgaria will limit its trade in arms. "I do not know how the Russians and the Poles reacted, but I am seriously uneasy," the general director of Kinteks, Anton Saldzhiyski, said in this regard. "Our job is to sell and to find markets that are solvent and interested in what is produced in our country. It is not a secret that the solvent markets are in the Middle East. I am a merchant, and it is perfectly normal that this declaration of our prime minister makes me uneasy."

The largest exporter of arms, Kinteks, is not informed ahead of time about this new page in state policy, and, by all accounts, it appears that the government also was not informed. "Personally, I believe that such a limitation of our exports would not have good economic results for Bulgaria. I am interested in exporting everywhere—that is, with all Western companies of arms producers and traders."

"The company name 'Kinteks' is worth a lot, and it is clear to everyone that, in spite of a number of accusations, that is the reason it will be retained. The company received its latest award, for high efficiency in work in 1991, in Madrid from a U.S. business group."

During 1991, it realized exports worth approximately \$135 million. It contributed 40 million leva of taxes to the state budget. If it operated in purely market conditions and were a private company, it would have a very

great profit, but, because it is a state company, Kinteks operates on the basis of a commission export contract. However, no producer in the world would tell you what his superprofits are.

Because they are enormous. With a lot of hard work, Kinteks is preserving the market positions of Bulgaria. It is no secret to anyone that, since 1988, the depression in the international weapons market has been great. Up until 1988, Kinteks exported \$400-450 million worth of products; after that, exports diminished sharply. In recent years, the demand of solvent customers has been directed toward a far higher class than that of the articles produced in Bulgaria. Our country does not produce a MiG-29, a Stealth, missile complexes, a Patriot, or tanks.

Why does Kinteks remain? Why did the state decide that the state arms trade again had to be entrusted to this company? There are several arguments for this. According to Anton Soldzhiyski, in the past year they showed, even under the new conditions, that they are operating professionally and provide exports necessary for the state. "We tried to show that what we are doing is perfectly legal and normal, the same as all other companies in the world are doing," the general director said. The Main Engineering Administration (GIU), the other exporter of weapons licensed by the state, is closed because it worked mainly for the former socialist countries. In practice, the assets and the liabilities of the Main Engineering Administration have been taken over by the Ministry of Defense, and its activity will be within the framework of that ministry.

The factory producers—for example, in the person of Metal-Khim-Kholding—also have a desire to come into this market as traders. "Do they? We have no such feeling," Anton Soldzhiyski wondered. "Let us assume the following: One factory finds a client. The client usually does not want just one item but several, which are the products of several factories. To buy everything, the client will have to begin the rounds of the factories. How will the price policy be formulated in this way?"

"We had such a situation with respect to one item. The producers were ready to sell it for \$200 per item. The buyer wanted to sign the same day. I refused. I proposed \$260. Two months passed, and we met again and concluded a contract for \$240. That is trading experience—to know when to give in and when not to. We knew how the merchandise was going. We knew that no one else was able to offer this item to our client at the time."

"My opinion is that you should not overdo granting licenses to many companies. What do I have in mind? We must not forget that our military industry does not have competing items. In practice, it will turn out that, when one and the same item is offered by 10 merchants, the criterion for concluding the deal will naturally be the lowest price. This would lead to a great drop in the prices."

This process has also been observed on the international arms market during recent years. According to the latest

bulletin of DEFENSE NEWS, the price of arms of the Warsaw Pact model has dropped drastically. One T-72 tank, which formerly was sold for more than \$2 million, is now sold for \$550,000. The experts maintain that a similar breakdown in the market will take place even in our country if companies with poor professional qualities obtain licenses. They say that a Kalashnikov already costs \$64, but it was sold for \$140, whereas it could have cost even \$230. A record in this area is held by the militia in Afghanistan, which sells old tanks and armored personnel carriers for 1,000 rubles apiece, or for \$10.

Kinteks is a corporation in which the state is the only shareholder. It will hardly turn out to be a monopoly, but perhaps Kinteks will remain a basic exporter. Because the state monopoly on military production is being preserved, it is logical to maintain a definite control over the trade.

Kinteks has carried out all of its transactions with the permission of the government. "As a commercial company, we are interested in making deals. Because we make them by the rules, no one can reproach us as a commercial company. And we have no desire to make deals for which we do not receive permission," the general director of Kinteks asserts. "We have a minimum internal standard and refuse deals even when we are offered them. For example, one client came and said that he wanted arms for Croatia. I sent him away, and, in general, I did not permit any work on this deal. Even for Yugoslavia I stopped the exports before the embargo was declared officially. The Serbs themselves confirm in a document sent to the UN Security Council that Germany and Austria have exported weapons to Croatia. Bulgaria does not figure in this official report."

The decision of the government to convert the company made it possible to think that the whole management of Kinteks will be replaced. But it remains. A two-stage system of management was accepted—with a supervisory council and a governing board. "They may not be the best traders, but there are hardly any in Bulgaria at the moment who are better," declared a well-known military expert from the government.

The international competition between the former East European countries is also becoming more acute. Recently, several Hungarian transactions were wrecked by the Bulgarian arms dealers. "We do not operate by dumping, but by pressure on the client," Anton Soldzhiyski explains. "The Hungarians did not produce that item; they were simply reexporting a Bulgarian product."

"We persuaded the client to buy it from us by guaranteeing that he would receive his merchandise, whereas the other offer was not sure."

How do they receive information about competitive transactions of this type? This is a specific business secret. But they do not pay for information. They use their clients for price information, some intermediaries



for implementing the transactions. All specialized publications are monitored. Kinteks has permanent trade representatives in foreign countries, and they have a drink with the right man.

What is the future of Kinteks—to engage in marathon trading? "We will continue to maintain a good volume of exports of arms and ammunition," Anton Soldzhiyski said. "Conversion proved to be a small mirage. While there is a demand, our merchandise will be sold."

### Legal Aspects of Bankruptcy Analyzed

92BA0764A Sofia BULGARSKI BIZNES in Bulgarian  
1 Mar 92 pp 1-2

[Article by Ivan Mirinski: "The Hour of the Failures; The Legal Procedure for Bankruptcy Needs Rethinking and Expansion"]

[Text] An unknown phenomenon in legal and economic practice in socialism is beginning not only to occupy a prominent place in the commentaries of the journalists, but also to become a permanent part of the work of government and judicial agencies. We are speaking here about bankruptcy of businesses—that is, economic entities. Among the general public, this phenomenon is known as failure. Failure is a synonym for bankruptcy, which most generally is characterized by the inability of economic entities (businesses) to pay.

Until 1 January 1989—that is, until the adoption of Ukase No. 56 on Economic Activity—the bankruptcy of economic entities was not regulated by law. Given the status and legal organization of socialist economic organizations of the time, it may be said that this lack was not consciously felt. A more comprehensive bankruptcy procedure was adopted for the first time with the Ukase on Economic Activities (USD), Chapter 3, entitled "Bankruptcy and Liquidation of Companies," but, even after the adoption of this procedure, the practice of the law courts has not been particularly improved. However, the beginning of market relations and the economic crisis in the country already are having their say. The shadow of failure hangs threateningly over an ever-larger number of state enterprises.

The independence a large number of enterprises received in 1991 with the decentralization of the state companies showed that a significant part of them cannot survive in the new economic and market conditions. Cases where basic facilities, materials, hard currency resources, and so forth are being sold in order to cover the need for paying personnel are becoming more and more frequent. There are cases where wages (or at least the full amount thereof) are not paid for months. It is more than obvious that such companies do not have a future in this form in the conditions of the market economy.

When the Trade Law was introduced in the Great National Assembly, it was emphasized that the subject of bankruptcy of companies was left outside the law because of the lack of time to work it out. Because of this,

when the law was adopted, Chapter 3 of the USD remained in force. Consequently, the decrees of this chapter apply not only with respect to companies formed in accordance with the edict, but also for all economic entities that have fallen into bankruptcy.

Bankruptcy is an exceptionally complex phenomenon, both legally and economically. It is worthwhile to recall that, under the old Trade Law, this subject is treated in 173 articles in the law itself, as well as in a separate Protective Agreement Law. It can hardly be said that the USD has very little to do with regulation of bankruptcy. Is the legal organization that regulates bankruptcy mandatory?

The law decrees that an insolvent company (here and below, the term "company" is to be understood as meaning an economic entity, as was defined in the USD) declare itself to be in bankruptcy. However, it is not sufficient to speak of insolvency in general; it must be of a permanent nature, or at least for a certain period of time.

This is why Article 66, Chapter 1 of the USD defines insolvency as a condition in which, for more than 60 days, the company has not fulfilled an individual financial obligation because of a lack of funds in its accounts in the servicing banks. The law assigns to the servicing banks the initiative for declaring the state of insolvency. The extraordinarily important, indeed key, role the banks have in this process is the reason they are entrusted with directing the production by agreement between the insolvent enterprises—debtors and their creditors. The law alludes to the possibility that government agencies may participate in this process—through their representatives, determined by the competent government agency. In my opinion, this alternative possibility of the participation of government agencies is a process that is so important and has such enormous economic and social consequences that it is precisely one of the weak places in the legal bankruptcy procedure. It is not possible to accept that, given the dominant position of state property (above 90 percent) in material production, the failure of a given enterprise may remain unknown to the competent government agency or that it will learn about it from DURZHAVEN VESTNIK.

What are the possibilities for the insolvent enterprises to overcome this condition? There are two—to receive assistance from the state, or to achieve an agreement with the creditors. If a result is not reached in one of these two ways, it is necessary to move to liquidation. The possibilities for the state to render assistance at this stage may be considered to be extremely insufficient, if not to say worthless. Even if there are such possibilities, often they cannot be applied and used because of the lack of a mechanism for specific actions. Such a mechanism would make it possible for government agencies to exert influence on establishments that are in danger of failure—that is, before insolvency begins—by means of coordinated actions with banks and, if necessary, the

creditors. In any case, in the future legal organization of this matter, the participation of the government should not be an alternative.

A significant drawback is the long duration of the whole process for declaring businesses to be in bankruptcy, with the ultimate goal of satisfying their creditors. It begins with the initial 14-day period for notifying the creditors about beginning production by agreement, the one-month period for the production itself, the possibilities for extending it, the periods for submitting documents to the court, the repeated periods for the petitioning of the different stages of the legal procedures, and so forth; ultimately, the bankruptcy of one establishment may be extended for months, even years. This prolongation is to the detriment of legal security, and the courts will be swamped with countless ongoing cases.

In practice, the following question arises: Is it possible for a court to declare the bankruptcy of a business debtor without production by agreement with the creditors being carried out? In my opinion, the answer to this question is negative. The regulations of Item 2 of Article 66 and Item 1 of Article 66 of the USD are the basic argument for this. The first regulation defines production by agreement as a stage that inevitably follows the declaration of insolvency, and the second establishes the obligation for the bank to inform the corresponding district court about this.

The second sentence of Item 2, Article 67 grants the possibility for the court to be approached to institute bankruptcy proceedings by the company itself, the creditors of the company, or the prosecutor. In this situation, the following question may arise: Even in these cases, is production by agreement a condition for actions on the part of the court? I think that the overall logic of the regulations of the USD dealing with bankruptcy forces us to reach the conclusion that production by agreement is an inevitable condition for instituting proceedings on the part of the respective district court, irrespective of the agency or the persons who approached it.

The text of Article 75 of the USD provides for selling the movable and real properties of the debtor in the order

established for them. There is no generally valid order for this, but, insofar as there was an ordinance for selling state property through the market, it is no longer in force (at least for privately owned commercial companies with state property). This is why the future regulation must define the necessary place of specific ways for cashing in assets of the bankrupt debtor. For example, at present it is possible to arrive at the paradoxical, but perfectly legal, situation where real estate is to be sold in order to pay for the wages owed the personnel of the bankrupt establishment.

The very urgent nature of the problem of insolvency of the state and public establishments demands particular attention on the part of the government agencies, especially on the part of the ministries under whose aegis the economic structures in the respective branches of industry function. The possibility of failure engenders fear in the personnel of the establishment, who often prefer a painful search for funds for paying wages for the moment instead of motivating it for radical and economically sound actions, for financial recovery. Of course, this recovery is almost unthinkable without reducing the number of employees, which again often is greeted with hostility on the part of the workers and the trade union organizations. In spite of the fact that they are hard to prove, there are also actions that some establishments carry out to intentionally cause failure. There may be different motives for this, but the most probable of them are connected with the eventual possibilities for privatization, after the adoption of the respective legislative groundwork. I think that future legislation will exclude possible benefits for economic managers, under whose management economic establishments are brought to bankruptcy, possibly analogous to the ordinances in the Trade Law, which, in certain cases, demand declarations from the partners and managers that they did not participate in companies terminated because of bankruptcy, in which they left unsatisfied creditors.

It may be expected that both the legislative activity and the creation of standards by the executive very soon will give the necessary attention to the problems of bankruptcy because an increasingly larger number of economic entities will become involved in this process.

### 3 Scenarios Based on Possible Election Results

92CH0468A Prague REPORTER in Czech No 10, 1991  
pp 5-6

[Article by Martin Mrnka: "Some Possible Alternatives for the Future"]

[Text] At midday on 5 June the doors of the election locations will open. The citizens of the Czech and Slovak Federal Republic will have the rest of Friday and all of Saturday to elect new members to the Federal Assembly. Naturally, unless something extraordinary happens. On the same day, the voters will also decide the makeup of the Czech National Council and, obviously, also that of the SNR [Slovak National Council]. Less than three months before this all-important date, the lobbies of the political parties are bubbling over with theories as to what the final decision will be.

#### Right Wing vs. Left Wing?

Seen from the aspect of traditional separation of politics into right wing and left wing, the situation is simple. In Bohemia-Moravia, Klaus' ODS [Civic Democratic Party], Lux's KDU-CSL [Christian Democratic Union-Czechoslovak People's Party], Bratinka's ODA [Civic Democratic Alliance], Benda's KDS [Christian Democratic Party], Sladek's SP-RSCS [Association for the Republic-Republican Party of Czechoslovakia], and some other smaller parties are right wing; according to a poll carried out by the Institute for Public Opinion Polls in February 1992, together they should get almost 40 percent of the votes. When added to 4 percent of electoral votes for the ODU-VPN [Civic Democratic Union-Public Against Violence], 8 percent for the KDH [Christian Democratic Movement], and 4 percent each for the Democratic Party and the Hungarian Civic Party in Slovakia—altogether 20 percent of the votes—the Czech right wing should not have any difficulty in setting up a majority government. Thus it would be assured of victory in the elections.

On the other hand, the left wing, represented by Horak's Social Democracy (10 percent), Svoboda's KSCM [Communist Party of Bohemia-Moravia] (9 percent), the Liberal Social Union [LSU] created from the CSS [Czechoslovak Socialist Party], a part of the Green Party, Trnka's Agrarian Party (7 percent), and the remnants of the HSD-SMS [Movement for Self-Governing Democracy-Association for Moravia and Silesia] (2 percent) would have to rely on the support of strong Slovak leftist parties—Meciar's HZDS [Movement for Democratic Slovakia], Weiss's SDL [Party of Democratic Left], and Prokes's SNS [Slovak Nationalist Party] (together, 40 percent in Slovakia), in order to create a balanced whole capable of defying the right wing.

The Civic Movement, which states that it is in the center of the political spectrum, could on occasion prove to be the needle on the proverbial scales in the future parliament with its 5 percent of the votes.

According to this interpretation of the model, the Federal Assembly would become an arena for conflicts between a strong Slovak left wing and an equally strong Czech right wing, and the national councils would be under the baton of parties at opposite ends of the rightist-leftist political spectrum.

Unfortunately, such a simplistic interpretation of our politics is utter nonsense.

#### Three Key Problems

The first problem is the well-known fact that right-wing and left-wing pigeonholes do not work in politics. Sladek, who according to his own statements is rightist, is a typical leftist demagogue; the KDU-CSL and the Slovak remnants of Carnogursky's KDH can hardly be called rightist. The leftist HSD-SMS as well as Meciar's HZDS have rightist elements in their programs. The second, equally well-known problem is the hostility within the ranks of the individual blocs. Clearly, not even the frequently more leftist Komarek will be willing to deal with the typical, leftist Czech communists. The strongly rightist ODS does not wish to be allied with the more moderate ODA before the elections, not to mention Lux's ex-People's Party or the Slovak Christian Democrats. For obvious reasons, no one wants to join up with Sladek, and Sladek does not want to join anyone. Clearly Meciar would prefer to cut off his hands after the elections rather than shake hands with Peter Weiss whom he fears, and the SNS, on its part, refuses to join Meciar. The conflict between Carnogursky and Meciar is obviously insurmountable.

A third problem is the high limit set on the percentage of votes that will enable coalitions or individual parties to enter parliament; this was apparently determined as a reaction to the development in Poland.

If we look at the issue from these three angles, the first possible future scenario takes shape. In Bohemia and Moravia the largest percentage of votes—roughly 25 to 30 percent—will be won by Klaus's ODS together with the KDS, KAN [Club of Nonaligned Activists] and other minority parties. Among the other parties that proclaim themselves to be rightist, the KDU-CSL, whose negative relations with the ODS are abundantly clear, will narrowly succeed in getting into the federal parliament. The other rightist parties will not slip through the election net, with the possible exception of the Hungarian Civic Party and the Democrats in Slovakia.

The Civic Movement will gain the center and will win members' seats only due to a coalition with minority, newly founded propresidential parties. However, its 6 to 7 percent of the votes will not enable it to achieve anything significant in the next Federal Assembly.

As to the left wing, the expected postelection coalition of the CSSD [Czechoslovak Social Democratic Party] and the LSU will have about 20 percent of the votes in Bohemia-Moravia and 30 percent in Slovakia after strengthening ties with the HZDS. Tacit support from



the ex-communists in the SDL and communists from the KSCM also cannot to be ruled out, and this, in fact, would mean 30 to 40 percent of the votes in the Federal Assembly, i.e., more than the right wing has.

Sladek's planned 8 percent of the electoral vote will win him seats in parliament, but he will be excommunicated by the other parties and put where he belongs.

Under these conditions, the leftists in the federal parliament will have no difficulty in preventing the rightists from forming a majority government, and they will grab the reins themselves. On the federal level, the ODS will thus be the opposition party, but the large number of seats it will have will clearly enable it to block the most leftist of the leftist laws. We would bid farewell to the reform in its present form, and Komarek and Meciar would merely have to toss a coin to decide which of them will become deputy prime minister of the government. Alexander Dubcek would have a good chance of becoming president in Hradcany, which will be vacated by Havel.

Considering the growing conflicts between the Czech National Council, which will be in the hands of the ODS, and the leftist SNR with a strong HZDS, the Czech Republic would itself clearly initiate the separation of the two states. Separation would follow with all its obvious consequences, characterized by the well-known quotation "disaster for the Czechs and bankruptcy for Slovakia."

#### Is There Another Possibility?

The preceding scenario of one of the possibilities for the future, however, has several weaknesses. It assumes too great a generosity on the part of the left wing, a willingness to cooperate—at least secretly—with the communists, and simple and uncompromising policies. Furthermore, it does not take into consideration the fact that approximately one-fourth of the Czechs and Moravians have not yet made up their minds, and the same applies to a slightly larger number of Slovaks. Of course, some of them will not vote at all, but the next three months will probably show that a high-quality advertising campaign is not the exclusive prerogative of the Harvard Investment Funds or of Proctor and Gamble. For instance, if the promising and auspicious Civic Democratic Alliance (Vladimir Dlouhy, Jan Kalvoda, Tomas Jezek, and Michal Prokop) were to raise the money for a sufficiently effective campaign that would defeat its opponents as decisively as Harvard did the other coupon funds, it could obviously win as much as 15 percent of the votes. That, understandably, would totally confuse the post-election development.

Not even the OH [Civic Movement], with the popular Jiri Dienstbier and Petr Miller at its center, need turn out the way the present polls indicate.

The development in Slovakia could also be interesting, where the generally unpopular, over-intellectualized ODU-VPN could still be saved by the disintegration of

the KDH and by the willingness to maintain a common state, which, according to public opinion polls, is expressed by 60 percent of the citizens.

An unexpected development in the situation could also come from a direction that we would not have thought of a short while ago. Klaus and Meciar could make peace after the elections.

#### The ODS and the HZDS—Cut From the Same Cloth

At the beginning of the year, postelection cooperation, not to mention a coalition, between the ODS and HZDS seemed to be totally unthinkable. The disagreements in the concept of further development between the two strongest parties were, and are, so significant that their victory in the elections in the republics threatened to result in the breakup of the federation.

Politics, however, is the art of compromise, and so, at an HZDS press conference in Bratislava at the end of January, Vladimir Meciar stated that he will not reject the possibility of postelection cooperation with Vaclav Klaus. Due to the dwindling popularity of the Slovak ex-minister of the interior and prime minister, the Civic Democratic Party made no comment on this statement. Obviously it would lose some of its voters who consider Meciar to be the Devil incarnate.

On the other hand, however, it is a fact that Meciar and Klaus, just like their parties, have a surprising number of things in common. As was shown by the mildly ironic comparisons of Czech and Slovak politicians using criteria employed for Presidents of the United States, published by REPORTER in previous issues, Vaclav Klaus and Vladimir Meciar would apparently be the only candidates with a chance of winning in the United States. They are both superb speakers, they have a well-defined image, they are vigorous and at the same time pragmatic, they are excellent in working with mass media. Former boxer Meciar and former basketball player Klaus brought into politics a strong desire to win, spiced with a strong, dominant character.

The ODS, like the HZDS, is an unwelcome splinter group from the victorious revolutionary forces OF [Civic Forum] and VPN [Public Against Violence], which bade farewell to the dissident intellectuals. Both parties gathered under their wings so-called second-wave revolutionaries who wish to eliminate the pre-November handicap to some extent through the present breakneck speed and who have the widest support of the public. Neither hesitates to advance former communists if they are professionally competent.

To some extent, both forces are founded on the principle of a strong authoritative leader, who reticently and with a substantial dose of self-denial allows his less popular fellows some elbow room. Clearly Miroslav Macek sometimes feels the same way as Milan Knazko. Both the HZDS and the ODS sensed what incited the citizens of their republics most—emancipation from the Czechs in the SR [Slovak Republic], and emancipation from the

West in the CR [Czech Republic]—and, according to their own specifications, set out to fulfill these desires. Just as no one can deny Vaclav Klaus a decisive share in implementing the economic reform, we cannot deny Vladimir Meciar the cleverest way of obtaining advantages for Slovakia.

In short, both parties have too much in common not to realize it themselves. Including many mutual envious enemies. Thus the political pragmatism of the ODS and HZDS should lead the two parties toward close cooperation after the elections not only in theory but also for reasons of logic. However, in this respect, we are getting into the realm of speculation. Nevertheless, let us continue.

#### **Meciar and Klaus—A Marriage of Convenience?**

Let us assume that nothing earthshaking will result from the electoral votes. The ODS and its coalition parties will win 30 percent of the votes in the CR. The HZDS should get about the same in Slovakia. The seats in parliament will be divided, and Vaclav Klaus will be faced with the dilemma whether to yield to the strong left wing (see above) and bury the work of the past two years—the only consistent Friedman reform in the countries of the East Bloc—or to think like a real politician.

Vladimir Meciar will also have to solve a dilemma. Being the leader of the left wing in parliament does not mean that, for a change, he will attain his goals—greater autonomy for Slovakia while preserving the advantages that result from being allied with the industrially more dynamic Czechs. It is not by chance that Rudolf Filkus, the leading economist of the HZDS, is relatively moderate in his criticism of the reform.

Under these circumstances, the solution is crystal clear, and it seems logical that both party leaders are clearly already considering it. And it is certainly not merely because Vaclav Klaus' wife, Livie, originally came from the other side of the White Carpathians.

However, every marriage of convenience has a price. Vladimir Meciar will have to promise Vaclav Klaus to support the reform and will, at most, obtain some additional economic specific items for his republic. In his turn, Klaus will promise Meciar to support a looser organization of the two states and a weakening of the center's position on less strategic economic questions. The result could be an extraordinarily strong coalition government which could surmount all the shocks of the postelection squabbles and would have nothing in common with the Polish model. Valtr Komarek and the CSSD would, to the relief of both politicians, drop out of the game.

In this possible situation, Vaclav Havel would be asked to retain the office of president, naturally with the same limited authority as he has now. If he were to agree, it would be a victory for both victorious parties from the point of view of international politics. According to the unwritten rule about a Czech president and Slovak prime

minister, Vladimir Meciar would become the prime minister of the government and Vaclav Klaus would obviously retain the post of deputy prime minister and simultaneously that of finance minister. The crucial economic ministries and the ministry of defence would probably be occupied by the ODS, and the HZDS would acquire the ministries of the interior, foreign trade, social affairs, and justice. The battle for foreign minister could be decided through a Solomon-like judgement by leaving this position to one of the smaller parties willing to join the governmental coalition.

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Science fiction? Utopia? A crazy idea? Let's wait and see. The fable about the satiated wolf and the whole goat may be valid as of the middle of June 1992. Incidentally, this is one of the few alternatives that would succeed in preserving a unified Czechoslovakia.

#### **ODS Stipulates Conditions for Cooperation**

92CH0467B Prague TELEGRAF in Czech 3 Apr 92 p 3

[Guest commentary by Miroslav Macek, deputy chairman of the Civic Democratic Party: "Civic Democratic Party: Whom To Join After the Elections?"]

[Text] Recently the media have been vying with one another in their ideas and speculations about what will happen on the Czechoslovak political scene after the June elections, especially since it is relatively certain that the left wing will win the elections in Slovakia (with the HZDS [Movement for Democratic Slovakia] as the strongest party) and the right wing will win in Bohemia, Moravia, and Silesia (with the ODS [Civic Democratic Party] as the strongest party).

At this point, it is a small step to speculating on contacts and negotiations between the ODS and the HZDS (non-existent and never held) and on the division of governmental seats after the election.

Such speculations are also fostered by the fact that neither the ODS nor Vaclav Klaus have taken a firm stand in respect to Meciar nor have they tried to profit from, and win citizen's votes through, the screening affairs or by playing on the nationalist and separatist moods in the Czech countries.

It seems that the media still has not realized that the ODS and its chairman have built and are still building their positions on a positive program that offers both pragmatic and purposeful solutions to problems from the past as well as actions for the future, and not on a negation of the programs of other political parties or on personal attacks against one politician or another.

In addition, surely this is a typical example of the proverbial "reckoning without the host."

And, in this case, the latter is the Slovak voter. Only he will decide how the elections in Slovakia will turn out and with whom the victor in the Slovak elections will or

will not have to sit down to hold discussions about the federal government, federal policies, the office of president, and the fate of a common state.

I say "will have to" on purpose, because a reliable and trustworthy politician accepts the will of the voters, whatever it is. A reliable and trustworthy politician and a reliable and trustworthy political party may not set ultimatums in advance and state that they will not be willing to sit at the same negotiating table with one politician or another or with one party or another.

However, what a political party may do, in fact, must do if it wishes to seem comprehensible and trustworthy to the voter, is to state the limits of the questions it is willing to discuss and the limits of the compromises it is willing to make during the discussions.

As far as Czech-Slovak relations are concerned, the ODS has frequently and very clearly stated these limits:

- We refuse to talk about a confederation of any sort with the future victor or victors of the elections in Slovakia, since we consider this model of coexistence to be temporary, unstable, and nonfunctional.
- Furthermore, we refuse to discuss (and this also applies to the Czech political scene) any kind of reversal or termination of the economic transformation now taking place, since we consider both a socialist economy and any kind of third alternative economy to be equally unstable and nonfunctional, and, furthermore, we believe its consequences will endanger the very foundations of democracy.

#### **Goal, Tools of 1992 Monetary Policy Outlined**

92CH0477A Prague FINANCE A UVER in Czech  
22 Feb 92 pp 53-58

[Article by Jan Vit, senior vice president of the Czechoslovak Federal Bank, Prague: "Goals and Tools of Monetary Policy in 1992"—summary at end of article published in English]

[Text] The goals of the central bank's monetary policy at the general level are constant: to strive for the stability of the currency—that is, to keep inflation at bay and to ensure sufficient liquidity in the financial system. The specific form of monetary policy, placing a different amount of emphasis on its individual components is, of course, undergoing a certain evolution stemming from the material as well as systemic changes taking place in the economy.

In 1991, a transformation of the economy in CSFR was begun, characterized primarily by the liberalization of prices, introduction of internal convertibility of the Czechoslovak currency, liberalization of foreign trade, and the start of the privatization process.

The chosen character of the economic reform also predetermined to a considerable degree the formulation of

the monetary policy and its goals for 1991. Last year's monetary policy can be characterized by two fundamental goals:

- To stabilize the price level and prevent the start and growth of an inflationary spiral.
- To maintain the functionality of the established system of internal convertibility with emphasis on maintaining the stability of the exchange rate.

These goals basically predetermined the need for a restrictive (in the initial phase very restrictive) character of the monetary policy. Therefore, it was not a question of choice, but a necessary reaction to the chosen character of economic reform.

The degree of restrictiveness of the monetary policy was influenced by the need to ensure from the very beginning the functionality of the system of internal convertibility. We started employing it with a minimum of foreign currency reserves (\$1.2 billion). Moreover, officially reported reserves are not usually usable operatively "to the last dollar." It is necessary to maintain a minimum balance in accounts abroad, a portion of the gold reserves is deposited in the CSFR and therefore not immediately negotiable, etc.

Under these circumstances, maintaining the ability to meet our obligations abroad within the framework of internal convertibility carried considerable risk and was contingent on a tolerable rate of demand for foreign exchange on the domestic market. A restrictive monetary policy was the only nonadministrative way that made it possible to get through the initial period. The failure of the system of internal convertibility would basically make it impossible to continue the chosen economic policy.

Results achieved in 1991 in the Czechoslovak economy can be evaluated from the monetary point of view as on the whole satisfactory. Liberalization of prices did not lead (after an initial jump in prices), in contrast to neighboring countries (Poland, Hungary), to more significant continuing inflationary price increases. After a sharp increase in the first few months of the year the situation gradually calmed down, and in the last two quarters the inflation was practically zero and prices stabilized. The level of the starting exchange rate of the Czechoslovak koruna [Kcs] enabled those interested in import access to foreign currency and at the same time promoted exports. As a result, we succeeded in overcoming without any excessive monetary impact the consequences of the breakup of the market with the former CEMA countries, and particularly with the Soviet Union. That is confirmed by the fact that the system of internal convertibility is functioning practically without problems. The unchanged exchange rate of the Czechoslovak koruna against the chosen basket of five currencies with the greatest share in our foreign trade turnover is evidence of that. We succeeded, contrary to original assumptions, in increasing foreign currency reserves and keeping the level of gross indebtedness of the state at an acceptable level (even here the

increase was less than expected). But it must be pointed out that the favorable development of the balance of payments reflects mainly smaller demand for imports, which is the result of decreased domestic economic activity.

After the generally successful way of coping with the initial shock of the transformation processes, attention is being focused on the rate of decline in economic activity, which, because of a number of external (loss of eastern markets) and internal factors, is exceeding the expected framework. The total economic downturn can be characterized by the decline of the GNP of 12-14 percent against the year 1990, and the increase in unemployment to 530,000 people (the average unemployment rate in Czechoslovakia reached 7.3 percent at the end of 1991). The primary internal cause of this development is obviously the persistence of the influences caused by the former system of centrally managed economy, among them the inability of the supply to react with flexibility to the rapidly changing internal and external conditions, as well as the slower pace of privatization in contrast to the original assumptions, and thus also the slower development of the market.

#### Monetary Developments in 1992

We are entering the year 1992 in a situation where the fundamental monetary balance was basically achieved, and the confidence of the public in the currency restored. Evidence of that is the fact that the level of savings, for example, is higher than in 1990, even in spite of the price shift at the beginning of last year and the investment outlays within the framework of the small privatization and development of small scale enterprises.

On the other hand, the current and the expected development of the real economy indicates that the adaptive processes are more difficult than originally thought.

These facts had to be taken into consideration in formulating specific goals of monetary policy for the current year. Maintaining the stability of the Czechoslovak koruna is the abiding goal. But ensuring this stability no longer requires the application of restrictive monetary policy as urgently as it did in 1991. On the other hand it must be said frankly that conditions for an expansive monetary policy do not exist. The economy has not yet undergone structural changes and an expansive monetary policy in this situation would help preserve the current conditions. The unavoidable consequence would be an inflationary surge. Therefore the direction of the monetary policy of the Czechoslovak Federal Bank (SBCS) for 1992 is basically neutral, while counting with a flexible reaction to the actual developments during the course of this year.

The basic starting point for its specific formulation (i.e., determining such increase of the money supply that will satisfy the demand for money but will have a neutral monetary effect) are the components of the monetary equation  $M.V. = P.Q$ . The SBCS expects a decline of 6 percent in the GNP in 1992, while in the last two

quarters there will occur a certain break in the present trend, so that the monthly values for December 1992/December 1991 will show an increase of about 1 percent. The considered price increase of 10 percent means an increase of 11 percent in the relationship December 1992/December 1991. It is assumed there will be no change in the speed of the money turnaround (factors contributing to the acceleration or deceleration basically offset each other). These components show that it is possible to increase the money supply by about 12 percent without any negative monetary impact. Bank credits to enterprises and households under these circumstances should increase by about 13-14 percent, while credits extended to enterprises will have higher dynamics.

These basic assumptions are concretized in the SBCS monetary program for individual components of the monetary policy, and will be reflected in the modifications and improvements of the present system of monetary instruments.

#### Interest Rate Policy

At issue is primarily the determination of the level of interest rates in the economy so that the interest rates become the primary means of maintaining an acceptable level of savings, and an instrument which will force debtors to achieve optimal valorization of the borrowed money.

The basic criterion for assessing the level and effectiveness of the discount rate, which will be made in monthly cycles, will be the achievement of a positive real interest rate on one-year koruna deposits in the range of about 1-2 percentage points (although meeting this criterion in every time frame is not expected). The starting discount rate for 1992 remains at the level of 9.5 percent. In that way the level of interest rates on one-year koruna deposits is determined by the interval 11-12 percent, which, with the expected inflation at 10 percent basically meets the above mentioned criterion.

In the future, SBCS does not expect to maintain the so-called interest ceilings, which are an unsystematic measure. However, in the transition period the establishment of a maximum deviation for the discount rate for credit extended by commercial banks (5.7 percentage points at present) was necessary, with respect to the possible deformation of the market level of interest rates as a result of the inadequate development of the Czechoslovak banking system as well as of the entire economic system. In 1992, although we can assume an increase in the acceptable demand for credits which could lead to a decline in the pressure on the level of credit interest rates, we even cannot rule out some drop in the sensitivity of the demand for credit on the amount of credit, and the continuation of the present low competitiveness within the Czechoslovak banking system. Therefore we have mapped out several possible alternatives for the procedure to be used in abolishing the interest ceiling in 1992. The goal is to abolish the interest ceiling as soon as



possible while minimizing the danger that this liberalizing step will lead to an increase in interest rates.

### Credit Limits

In 1991, credit limits set quarterly for individual commercial banks served to regulate the amount of credits extended by banks to the economy. These limits definitely belong among the unsystematic and nonmarket instruments of regulation (it is necessary to point out, however, that they have been or are used even in countries with a market economy; for example, France stopped using them only a few years ago). In our circumstances, however, with regard to the low efficiency of our still only gradually forming indirect instruments, they became the basic instrument used to quantitatively reach monetary goals. They happen to have an important positive feature—they have relative clarity and are controllable—and therefore SBCS will be using them to a certain extent even in 1992. As soon as a sufficient sensitivity of the Czechoslovak banking system to the mechanism of indirect instruments is reached, the binding character of credit limits will be gradually eased (it may for a certain time still serve as a parallel signal mechanism for the control of developments in the credit area) in relation to the development of fiduciary issues and resources of the central bank given to the banking system.

To put it simply, the supply of money to the economy has been controlled until now mainly in the area of assets of the commercial banks (credit limits), because for control through the volume of resources (refinancing credits, etc.) neither technical prerequisites nor appropriate instruments of market economy existed. As they are being gradually created, the importance of the thus far used credit limits will also diminish.

In the first two quarters of 1992 credit limits will also be set quarterly for the time being. The starting point for their level will be the monetary program established for the period in question.

### System of Refinancing

Already during the course of 1991, SBCS began to restrict the granting of refinancing credit to commercial banks in the form of a credit limit, the so-called first tranche, which, although it was technically the simplest, did not force the banks to use the obtained resources efficiently. Therefore, the auction form of providing refinancing credit was gradually introduced, and SBCS also began to extend credits against goods or securities. In 1992 further building and improvement of the refinancing system will be directed at:

- Gradual reduction of the volume of the first, basically a rationing, tranche in such a way that it can be completely discontinued by 1 April 1992.
- Temporary use of the auction form of refinancing credit as the key part of the system, through which SBCS grants resources for covering short-term needs of commercial banks, doing so by broadening this

form and making it more flexible as far as the periodicity of the auctions and maturity of the refinancing credit are concerned. Expected are daily auctions of refinancing credits with a maturity of one week, and monthly auctions offering refinancing credit with a maturity of one to three months.

- Ensuring the possibility of using commercial papers by introducing rediscounts (announcements of the rules for rediscounting SBCS commercial papers and creating technical conditions for rediscounting by the republic centers of the SBCS is expected by 1 April 1992).
- Changing the character of the secured credit, aimed at supporting trade in commercial papers, into a credit of more of an auxiliary (even emergency) character for a pledge of negotiable papers. This kind of credit will have a higher interest rate in comparison to the rediscounted credit, and its size will depend on the development and changes in interest rates of auctioned refinancing credits, although not, of course, just simply copying them.

The expansion of this form of refinancing will depend on the speed and extent of introducing various kinds of negotiable papers, and naturally also on the development of the financial market. In contrast to 1991, when for the time being we succeeded in putting into action at least the so-called secondary financial markets, we expect that in 1992 stock market activity will be fully developed.

### Treasury Bills

In accord with the Law on the SBCS, the bank will not extend direct credits to the governments, but it can extend credit for covering the fluctuations in the day-to-day management of budgets by buying treasury bills maturing in three months (but to a maximum corresponding to 5 percent of the revenues of the state budgets in the previous year).

In the case of primary issues of treasury bills, SBCS will act above all as a fiscal agent, which does not preclude the possibility of purchasing them for its own portfolio. The volume of sales of treasury bills in individual auctions will be determined by representatives of individual budgets. At the minimum, one-fourth of the issue should be deposited with commercial banks from the very beginning. In that way the portfolios of commercial banks will broaden substantially, which will lead to the creation of market interest rates.

Treasury bills will become the first important instrument of the money market—they will make possible the transfer of financial means between entities of the money market. The high degree of negotiability and security provided by government guarantees will make them into widely used instruments for managing the liquidity of commercial banks, the way it is usually done in market economies. It will enable SBCS to influence the liquidity of the entire Czechoslovak banking system by buying and selling treasury bills within the framework

of operations on the free market, and gradually discontinuing the use of the remaining administrative regulatory instruments.

### **Mandatory Minimum Bank Reserves**

The purpose of mandatory minimum reserves in commercial banks is to restrict financial multiplication, i.e., reduce the expansion of credits and ensure a stabilized liquidity of financial institutions.

In 1991, mandatory minimum reserves amounted to 8 percent of primary deposits, and SBCS set their interest rate at 4 percent. With regard to the changes in the refinancing system this year, and taking into account certain problems of commercial banks in gaining mid-term and long-term financial resources, the mandatory minimum reserves will be adjusted according to the following principles:

- Interest on mandatory minimum reserves will be abolished.
- Mandatory minimum reserves in the amount of 8 percent on deposits without a fixed time limit and 2 percent on deposits with a fixed time limit.

The purpose of this adjustment, which according to orientation calculations will lower the overall level of these reserves by about Kcs13 billion, is to make the holding of deposits with fixed time limit more advantageous for the banks, compensate for reducing the primary tranche of the refinancing credit, and support long-term financing. These measures (discontinuing interest, reducing the volume of mandatory minimum reserves) basically offset each other in their impact on the income of the banks.

### **Foreign Currency and Exchange Rate Policy**

The results of the balance of payments thus far as well as prospects for the year 1992 allow us to assume that the system of internal convertibility will continue to be functional and by means of an invariable exchange rate will have a stabilizing effect upon the economy.

The decline in domestic demand in view of the drop in the GNP led to lower imports. That helped to compensate for the decline in exports to the eastern markets in the balance of payments, because export to market economies, in spite of the export-favorable level of the exchange rate, grew only at a slow pace.

This year we expect a similar development, with a revitalization of the economy, particularly following privatization, leading to an increase in imports. The expected deficit of the balance of payments of about \$0.5-1 billion is acceptable from the point of view of resources for its financing.

On the basis of these assumptions, SBCS will maintain the policy of a stable exchange rate, and to support it, will:

- Build up foreign exchange reserves to create a necessary cushion to cover unexpected fluctuations in the balance of payments.
- With respect to the long-range interest of the debt service, enter capital markets with the aim to establish itself there permanently as a reliable partner.
- Stimulate a quick implementation of an export support system that has not been thus far functionally developed, which could be one of the reasons for the sluggish growth of exports to market economies.
- Support direct foreign investments in CSFR as a source of financing the balance of payments.

With respect to the fact that the system of internal convertibility is a transient form on the road to full convertibility, we shall seek during the course of 1992 an appropriate form of gradual liberalization of the capital account for the balance of payments (for example, in direct investments).

To those who are constantly following the monetary policy and its results, the above brief look at the monetary policy for 1992 cannot be a surprise. This outlook is based on a sober assessment of the progress of the transformation of Czechoslovak economy thus far, on other tasks of economic strategy, and on realistic possibilities and assumptions for dealing with them. The macroeconomic stability achieved in 1991, the achieved stability of the Czechoslovak koruna, and the strengthening of balancing tendencies create favorable starting prerequisites for the restructuring of Czechoslovak economy and a gradual revival of growth in future years. With respect to these facts, it was possible to adopt a basically neutral monetary policy for the year 1992. Its implementation, however, does not have the character of a "binding yearly plan." It is an objective, which will be adjusted along the way according to the actual course of the development of the monetary situation and developments in the real economy.

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### **Summary**

#### **Goals and Instruments of the Monetary Policy for 1992**

The first year of the Czechoslovak economy transformation was characterized by the price and foreign trade liberalization, by the introduction of internal convertibility, and by the privatization process. From the monetary point of view it may be said the development in the year 1991 was positive. After big increase of inflation at the beginning of the 1991, the inflation was gradually decreasing during the 2nd half of 1991 and the level reached almost zero in the 3rd and the beginning of the 4th quarter 1991, the system of internal convertibility worked without bigger problems, the exchange rate of Cz. koruna was stabilized, the foreign exchange reserves

increased and the level of gross foreign debt was kept at the acceptable rate.

From that development it may be assessed a following monetary policy for the year 1992. It is expected the economic slowdown which will continue in the 1992 because of external and internal reasons (breakdown of

previous CEMA market, slower privatization, lasting impact of the past centrally planned economy). From that reason the central bank target will be to keep the stability of the Cz. koruna as a base to strengthen the tendency of stability and restructuralization of the Cz. economy. The monetary policy for the year 1992 may be characterized as a neutral.

### Reorganization of Ministry of Internal Affairs

92EP0338A Warsaw PRAWO I ZYCIE in Polish  
No 14, 4 Apr 92 p 6

[Interview with Antoni Macierewicz, minister of internal affairs, by Iwona Jurczenko; place and date not given: "I Know It"]

[Text] [Jurczenko] A new minister of internal affairs is usually asked primarily about when people will finally feel safe. I don't know if it is good that one should ask you primarily about coalitions and the restructuring of the government.

[Macierewicz] The coalition discussions now being conducted by the prime minister are in the preliminary stage, and we have not yet moved to official discussions. This will surely take place in the near future. On one account there is no doubt: The government's political outlook, and political support, must be stable and strong enough so that the government can get special powers. For only these special powers will make fundamental changes in administration possible; this is presently a fundamental issue, similar to economic reforms.

[Jurczenko] We heard recently that you are in favor of a coalition with the Democratic Union. How does this square with the position presented by the Union to the effect that one of the conditions of its joining the government is a change of the minister of internal affairs?

[Macierewicz] I think that you are talking of the statements of individuals, because I do not know of such an official position by the Union. As is known, that group is rather varied internally; one can presume that there are people in the Union who publicly make—sometimes in their own name, sometimes in the name of the whole group—such opinions as could lead to the discussions not coming to fruition in the end. And it is worthwhile for you, as a journalist, to think about that. At any rate, there is no doubt that the direction of policy and of the transformations, including those in the Ministry of Internal Affairs [MSW] which have been initiated by Jan Olszewski's government, cannot be changed but should receive support.

[Jurczenko] In some statements, four ministers towards whom the Union has reservations are named: Ministers Parys, Włodarczyk, Kropiwnicki, and you. Their ministries' policies and their incompetence are criticized. Do you consider yourself competent?

[Macierewicz] You know, since I have not personally been thus confronted, I see neither the possibility nor the point of an answer.

[Jurczenko] It is also charged that the Christian National Union [ZChN] has taken over the Ministry of Internal Affairs.

[Macierewicz] I have heard such statements.

[Jurczenko] I understand that the new people whom you have recently hired have the best intentions to work for the good of the ministry, but does a biochemist, an astronomy student, or a clinical psychologist also have the necessary abilities to fill such positions?

[Macierewicz] Go ahead and talk with them, if you please.

[Jurczenko] I understand that you think so?

[Macierewicz] No, I think nothing, I know it. And this has been borne out over the last two and one-half months. I have no doubts about this.

[Jurczenko] But why are the newly hired people mostly from the ZChN?

[Macierewicz] I am sorry to say that you read poorly informed papers too often, and such opinions seep into your imagination. That is simply not in agreement with the truth. I have hired three people who are members of the ZChN. The rest either do not belong to any group, or are members of other groups. I declare, however, that I will not value people I have hired according to the groups to which they belong, and I will not allow some quotas for ZChN members to be imposed.

[Jurczenko] I also read the well-informed ZYCIE WARSZAWY, where I learned that 103 people have left the ministry from the moment you took over internal affairs. Most have retired, but the MSW press spokesperson "does not hide" that some of these dismissals, especially those affecting the former leadership of the ministry, have a political subtext, linked to "fundamental differences of opinion regarding the functioning of the MSW." What differences in opinion are at issue?

[Macierewicz] This is an opinion which I have also encountered in the newspapers. Do you share it as well?

[Jurczenko] It is the opinion of your press spokesperson.

[Macierewicz] That is not the opinion of my press spokesperson. Each of those leaving the ministry made his or her own decision. I have not removed any of the people whom I found in the ministry leadership when I came here. All personnel changes have occurred on the application of those people who wanted to leave; none of them presented their application in terms of political differences. They usually were "personal reasons," as they were called.

[Jurczenko] Was it not so that there were differences in opinion regarding the functioning of the MSW between those leaving and the new leadership in the ministry?

[Macierewicz] I know nothing about that. I do not preclude that those 103 people about whom you asked left for political reasons, since in 99 percent of the cases they were people from the old cadre, Security Service employees and administrative workers employed here under Mr. Kiszczak.



[Jurcenko] And the people who came to the MSW after 1989, from the so-called Solidarity team? Vice Ministers Widacki and Zimowski; Chief of the Office of State Protection [UOP] Andrzej Milczanowski and his assistant; the MSW press spokesperson; the UOP spokesperson; the director of the UOP's Analysis and Information Bureau.... Did they leave because they could not push through their conception of the ministry?

[Macierewicz] First of all, there is a rule in parliamentary states that the minister himself forms the circle of his closest collaborators. Second, it is indeed a fact that the people about whom you ask—this certainly is true for former Vice Minister Zimowski—were connected with the Democratic Union. Third, none of those people, upon leaving, alluded to any political differences, but rather to personal reasons. That is all.

[Jurcenko] What is your conception for reform of the Ministry of Internal Affairs? I am asking, of course, about the concept of a Ministry of Public Administration.

[Macierewicz] That is a proposal in which I am closely involved. It was outlined in December 1990, when President Walesa first proposed to Jan Olszewski that he assume the function of prime minister. At that time, I was to take the portfolio of minister of internal affairs in Jan Olszewski's government; we outlined the concept at that time. It is an essential determinant of my political program, and of the program—I do not hide this—of my party. If this concept can be put into practice, within the broad reform of the administration of the country, then it will be possible to say that Jan Olszewski's government has achieved a meaningful success, opening the way in Poland to structural changes. For I believe that the present administration of the country—I'm talking not just of its personnel, but primarily of its structure—is mostly a continuation of the PRL [People's Republic of Poland] system. The new elites are a light, superficial layer, barely tolerated by that administration.

At the same time, I must admit that as far as the present structure of the Ministry of Internal Affairs is concerned—I assume from the beginning that after the transformation of the ministry into a ministry of public administration, the intelligence services will be removed—the relations between individual offices and ministries seem to be well constructed, and I will try to maintain them. The MSW has civil status, and supervises the UOP, the police, the border patrol, and the fire brigade. The relations between these offices are constructed so that if it becomes necessary, it is possible for the ministry to centralize and involve itself directly in the work of these units; depending on the situation, these offices may also function more autonomously, even completely so. To a great degree, we owe this construction to its authors, including Mr. Kozłowski; I think that this is their greatest achievement. After the transformation of the Ministry of Internal Affairs into the Ministry of Public Administration, that construction will have to undergo partial changes, of course, because the weight of

the ministry's work will be transferred to the direction of administrative structures, primarily those at the voivodship level.

[Jurcenko] Assuming the position of Minister of Internal Affairs, you defined the level of criminality as "alarming."

[Macierewicz] That is how it was in 1990.

[Jurcenko] And now?

[Macierewicz] It has lessened a little. In Warsaw and in several larger metropolitan areas, the chief "suppliers" of high criminality statistics, we noted signs of improvement in the course of the first two months of this year. Various factors, however, affect this; thus we will only be able to say after a few months whether this is a lasting trend or just a temporary oscillation. I cannot hide that, beyond the necessary outfitting of the police, and money for pay or for cars, for example, I place great importance on the increase of internal discipline.

Deep changes in the police have hindered by a year and a half without a real chief, since first the commander in chief was Mr. Lamparski, with whom the minister did not work well, and then Mr. Hula, who in turn worked poorly with the police themselves, and left quickly. I think that the newly appointed police commander in chief, Mr. Zenon Smolarek, will quickly manage the problem of increasing discipline in police ranks.

[Jurcenko] Before appointing Mr. Smolarek, did you ask him primarily about his ideas for increasing the detection of crimes, or mainly about methods of increasing internal discipline?

[Macierewicz] Above all, I looked at what he did during the last two years in Poznan where he had the position of commander of the voivodship police. He carried out both those tasks; the effectivity of police operations rose, as did internal discipline. It seems to me that those two matters are connected with each other today in a special way.

[Jurcenko] I heard that you plan the creation of a platoon for the protection of government officials, which reminds one of the famed former Government Officials' Protection Administration, and the creation of a permanent institution verifying candidates for state positions, which reminds one, in turn, of the old formula of positions [filled] from the "nomenklatura." Is the new returning?

[Macierewicz] If "the new is returning," then only in the sense that we desire to bring back those principles which were in force in Poland before the war, and which today exist in states with parliamentary democracies. Poland is the only country in Western civilization which does not have a system of verification of persons having access to strategic information because they have positions at the highest level in state administration; a country which does not have a permanent functioning internal control

in the police and in the special services. Indeed, we desire to bring back those principles.

[Jurcenko] Apropos the checking of people in high state positions, I would like to ask about the new vice minister of national defense....

[Macierewicz] That is a candidate of Minister Parys, approved by the prime minister, and I have nothing to say here.

[Jurcenko] Is it true that you substitute for the prime minister during his absence?

[Macierewicz] Yes.

[Jurcenko] Does this mean that your position in the government is special; and of what does this position consist?

[Macierewicz] No, my position in the government is not special, besides the fact that the prime minister made the decision that I will substitute for him during his absence.

[Jurcenko] Could you comment on your own announcement that matters concerning the great economic scandals would be taken care of within three months? The prosecutor's office says that this is not possible.

[Macierewicz] Specifically, this meant that those operations which lie in the power of the MSW, and concern two matters—Art-B and the Foreign Debt Service Fund—would be concluded. Therefore, I did not speak in the name of the prosecutor's office, which is conducting its own operations, but regarding those parts of the work on these two scandals which concern the MSW.

[Jurcenko] Do you in any way link your position as vice chair of the ZChN—and party membership, in general—to the position of minister of internal affairs?

[Macierewicz] I don't think I understood the question, because of course I link them personally. Indeed, I am a member of the Christian National Union, and am its Vice Chair, and am a minister. But those matters do not affect each other in any way.

[Jurcenko] What links connect the politics of your party with the policies of the ministry?

[Macierewicz] The government is a coalition government, mostly center-right; therefore, it places great emphasis on its socioeconomic program on the realization of the Christian platform. And in the degree to which that is an element of the government program, it is also realized in the Ministry of Internal Affairs, just as Margaret Thatcher's Conservative platform, of which she was chair, was realized.

[Jurcenko] Thank you.

### Interior Minister Macierewicz Interviewed

PM2304104292 Gdansk DZIENNIK BALTYCKI  
in Polish 10 Apr 92 pp 1, 3

[Interview with Internal Affairs Minister Antoni Macierewicz by correspondent Stanislaw Marek Krolak; place and date not given]

[Text] [Krolak] Minister, your sector's current record in ensuring public law and order, which is your responsibility, is highly unsatisfactory....

[Macierewicz] This is true.

[Krolak] In Warsaw circles, and also in parliament, you are believed to be a keen advocate of dispatching "death squads" to the streets of our cities. Then, law and order would immediately be established. How and where do such opinions about you originate?

[Macierewicz] In Warsaw, as in other large conurbations, the public law and order situation is indeed very unsatisfactory. I believe that the views you quote here, as expressed by parliamentary deputies and other people with whom you have talked, reflect their anxiety about this situation. I would be very happy if this anxiety could also be reflected in the deputies' decisions concerning the budgetary resources to be allocated to the police force. Maybe then it will not be necessary to form such "special squads," and it will prove sufficient to fill the police force's staffing vacancies. In Warsaw alone such vacancies represent one-third of the required manning level.

[Krolak] Is the condition of the State Protection Agency [UOP] as poor as that of the police? I must admit that I found it both embarrassing and horrifying to listen to a UOP officer's televised confession that he had considerable trouble trying to arrest [international fraudster] David Bogatin, because he was hampered all along by armed Russian agents. He also admitted that the two vehicles carrying Mr. Bogatin's personal bodyguards did not leave their boss' side even as he was being escorted under UOP protection to the Rakowiecka prison and then to Lublin. Minister, that operation was carried out not by a local police force, but by an agency supposedly trained to protect the most vital state interests. Are we really as helpless as that?

[Macierewicz] In cases of this kind it is the final result that counts. After all, Mr. Bogatin was arrested and placed under the state prosecutor's jurisdiction.

[Krolak] What are the reasons for such a dramatic deterioration of public safety? Why is it that, as time goes by, there is no visible improvement? Traditionally, the police have put up the excuse that they are underfunded. I rather suspect that this explanation is supposed to cover up the incompetence of the state law and order apparatus.

[Macierewicz] The lack of funds is indeed a serious drawback. We really have too little money. However,

you rightly assume that the question has a broader context. There are two areas of our activity in which funds are only indirectly needed, or even not needed at all.

First, there is the question of the legislative provisions which are required if our services are to operate efficiently and effectively. Second, there is the structure of the whole law and order apparatus itself. The penal code currently in force fails to recognize a whole range of offenses which are today the source of the greatest threat to public law and order.

[Krolak] Which offenses are these?

[Macierewicz] Crimes connected with banking operations, other kinds of financial offenses, and offenses involving the narcotics scene. A whole area of questions involving state secrets requires legislative regulation. In addition, the present state apparatus is the source of leaks in the field of strategic technological and economic information. Occasionally, we even note leaks of political intelligence. This kind of intelligence is carefully collected and then used in operations against Polish industry, commerce, and economy; it also affects international political attitudes to our state. In addition, intelligence collected in Poland is very often used by foreign companies and organizations in their negotiations with our companies and organizations. This is largely a natural phenomenon, but the present extent of this state of affairs in Poland is highly alarming.

[Krolak] What shortcomings do you identify in the present structure of our state security apparatus?

[Macierewicz] The present structure of our state security apparatus is the second area which requires immediate attention and is only indirectly affected by funding levels. For example, when in 1989 the new police act was passed by parliament and implemented, resulting in a reorganization of the whole police apparatus, the so-called economic directorate in the police structures was entirely abolished. It was not until July last year that it was partly restored, albeit in a vestigial form, as the so-called Department K-17. This apparently assuaged the authorities' conscience, but it did not resolve the problem. Consequently, there is an urgent need to restore these services in their entirety throughout the police structures. Such structural operations have already been initiated, but it is impossible to execute the whole restructuring scheme overnight.

[Krolak] You may not be able to do it overnight, but the urgent need to improve the country's public law and order situation is by now repeatedly stressed not only by ordinary people, but also by the government. Does this suggest that your sector will need special powers? If so, do you intend to apply for such powers soon?

[Macierewicz] Special powers are needed by the whole government in order to enable it to introduce a large number of restructuring operations. These will affect mainly the economic and administrative sectors. In this

sense, if the special powers are granted at all, they will also benefit our sector. The lamentable condition of our state administration calls for its immediate and thorough reorganization. Such changes will inevitably and fundamentally facilitate all operations undertaken by the internal affairs sector. On the other hand, I do not believe that we need some special powers for the sector or essential changes within it, especially in the departments concerned with the sphere of civil rights.

[Krolak] You propose to introduce further changes in the functioning of the sector even though you are already being accused of carrying out purges within the ministry as a whole. Many politicians insist that you are about to start another "in-house" revolution, which can only further impair the country's law and order situation, because your police officers will devote all their attention to securing their own positions instead of pursuing criminals.

[Macierewicz] To date, I have not discharged any of my personnel: Those who left did so at their own request. I reject all accusations of alleged purges.

[Krolak] Nevertheless, there has been a special session of the Sejm Administration and Internal Affairs Commission.

[Macierewicz] Yes. The subject of that session was the nomination of a new head of the State Protection Office [UOP], but let me reiterate here that Mr. Milczanowski left at his own request, as did all the others. In any case, I believe that it is perfectly in order for the minister personally to choose the political leadership and the closest aides in his sector. Indeed, it is essential that it should be so. Nonetheless, this does not in any way alter the fact that the whole apparatus should be constructed with the objective of the highest possible stability, regardless of any successive changes in the government team. However, this state of affairs is still a long way away, both in our own and in other ministries, because it is necessary first to accomplish a thorough reconstruction of the state administration apparatus as a civil service.

[Krolak] Even so, people who have known you for years say—somewhat ironically—that you would find it very easy to step into the role of [former French interior minister] Fouché, because you have been studying the methods of handling the Tupamaros. Indeed, I have been told by Mrs. Ludka Wujec that you were a Tupamaros sympathizer, no less.

[Macierewicz] I think that there has been some misunderstanding here. The Tupamaros is an urban guerrilla organization, whereas I have never studied South America's urban guerrillas. On the other hand, I did have an interest in rural guerrilla movements, mainly from the viewpoint of their application to the problems of handling the communist-Trotskyist groups then active in Poland. At the time, the respective South American guerrilla organizations issued instruction handbooks, designed to assist the rural guerrilla movement in its

operations, to help it to broaden its scope of action, and to advise on further recruitment of new sympathizers and members, mainly from among the local Catholic Indian population. In the reviews that I wrote of a number of these "instruction manuals," I pointed to the Machiavellian, manipulatory nature of the advice given to the peoples of South America, and to the eventual tragic consequences of these guerrilla movements.

[Krolak] Let us, then, return to the question of restructuring the top echelons of the state administration system. How do you justify the need to change the existing structure?

[Macierewicz] You have raised an essential question here for Prime Minister Olszewski's government and for myself as a member of that government: the formulation and implementation of a realistic model of an autonomous Polish state. An autonomous state requires a reform of the administrative system, which entails also a reform of the internal affairs sector. Whether the new ministry, which will enjoy a new sphere of responsibility, is called the Public Administration Ministry, or the Internal Affairs Ministry, is a matter of secondary importance. The name is not as important as its sphere of responsibility.

[Krolak] What, then, will be the new sector's sphere of responsibility?

[Macierewicz] The essential change is that the powers vested in the interior minister should be extended to include the state administration sector together with voivodes and their regional state administration apparatus, while at the same time the State Protection Office and its subordinate services should be excluded from the interior minister's sphere of responsibility. I consider this structural rearrangement vital. Indeed, preparations for change are already under way.

[Krolak] Your predecessor, Minister Majewski, says that you are introducing "an entirely new style of operation in the sector's work."

[Macierewicz] Excellent. Mr. Majewski is quite right. This ministry has long needed a new style of operation.

[Krolak] Quite so, but I had not finished the quote. Mr. Majewski goes on to say: "I am somewhat alarmed at the attempts to introduce a new style of operation for the ministry. They entail sudden staffing changes which will result in the ministry's continued preoccupation with its own internal reshuffles."

[Macierewicz] Well, I can only express my regret at the way in which Mr. Majewski assesses the presumed consequences of our staffing changes. I hope that the recent nomination of the chief police commandant after a de facto vacancy of 18 months' duration will contribute to the police force's greater involvement with its external work rather than its internal concerns—which hitherto preoccupied it rather too much.

[Krolak] Since we are discussing staffing changes, let us ask you a more specific question: Do you not believe that there is an urgent need for staffing changes in Gdansk?

[Macierewicz] Gdansk is one of the few places where the situation is exceptionally alarming. It is one of several serious crime centers, along with Warsaw and Krakow. There is no commandant of police in Gdansk at the moment—only an acting chief commandant. I fully agree that this situation hinders the work of the police department. It must be changed.

[Krolak] In January you announced the launch of an anticorruption campaign and a severing of all links between the police force and the business world. You also said that in this respect you would continue the previous policy and strategy of Commandant Hula. Have you any comment on these statements now, a couple of months later?

[Macierewicz] At that time I was mainly concerned with ending the practice—which had become established over the previous 18 months—whereby policemen held parallel jobs in a variety of private security companies or detective joint ventures. This sort of thing is absolutely unacceptable. I will certainly continue the line adopted by Commandant Hula, and I trust that Commandant Smolarek will do likewise. Anyway, he has assured me that he will do so.

[Krolak] You will continue the line adopted by Commandant Hula, but you will do it without him.

[Macierewicz] Commandant Hula left his post two months before I took up mine, and there is no connection between these two facts. You would have to ask Commandant Hula himself about the background to his departure. He cited personal reasons for resigning the post.

[Krolak] Last January you also announced that the investigation into the two recent financial fraud rackets involving the Foreign Debt Service Fund [FOZZ] and the Art-B company. You also suggested that in both cases the investigation could have been closed before you assumed command of the sector....

[Macierewicz] Indeed. To be more precise, I referred to the type of investigation which falls within the Foreign Affairs Ministry's field of responsibility, since the investigation proper is carried out by the Prosecutor's Office, and we only carry out certain functions which it entrusts to us.

[Krolak] Nevertheless, there were many negative reactions to your announcements then. Your critics pointed out that, considering the complex nature of the frauds involved, it would have been impossible to complete the relevant investigation procedures quickly, and that inevitably their speedy conclusion would suggest that only a narrow aspect of each case was properly examined. This opinion was voiced by [former justice minister] Aleksander Bentkowski, among others, who told us in an



interview for our newspaper that either you had been misled concerning those cases or else you were misleading others.

[Macierewicz] I hope that Mr. Bentkowski's comment referred to the sphere on which, as former justice minister, he was competent to pronounce—that is, his sphere of responsibility as prosecutor general—and not to one on which he is not an authority and which remains within the interior minister's sphere of responsibility.

[Krolak] Much agitation was also caused by your announcement that you would bar former State Security agents from accepting senior state posts. You promised that you would initiate the drafting of new parliamentary bills concerning this matter. However, nothing further has been heard about it. Have you changed your mind?

[Macierewicz] First, I should remind you that my announcement did not refer to investigating all former agents' records. I said that persons holding posts in the state's executive, judiciary, and legislative structures would be subject to vetting procedures to establish whether they cooperated with the former Security Service. A parliamentary question on this matter was then submitted by Deputies Bujak and Malachowski. In my reply to their inquiry, I undertook to prepare a draft document on the matter for the Sejm by 20 April, because I believe that only the Sejm has the necessary authority to decide in this question. The ministry will merely provide the technical and substantive materials for the appropriate Sejm commission to carry out the required vetting. I still maintain that this is an essential step, and I undertake to ensure that the ministry carries out all the necessary operations.

[Krolak] You are also believed to be an advocate of the right of citizens to have access to the official files held on them. Will every citizen really be able to see his or her own personal "operational" dossier?

[Macierewicz] This matter will also require a Sejm decision. If the Sejm agrees, I will of course comply with its instructions. However, I do not believe that this is the most urgent matter to be considered at this moment. On the other hand, a security vetting operation in respect of the top state officials is, in my opinion, vitally necessary and very urgent. It is in the state's fundamental interest that it be carried out.

#### **POLITYKA Weekly News Roundup: 29 Mar-4 Apr**

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No 14, 4 Apr 92 p 2

[Excerpts]

#### **National News**

[passage omitted] According to a survey done by the Center for Research on Public Opinion, 69 percent of Poles thinks it would be better for Poland if the Commonwealth of Independent States held up; only 16

percent think the opposite. The strength of armies was also compared; the respondents thought only the Lithuanian army was decidedly weaker (42 percent think we are stronger, 20 percent weaker, 13 percent the same). We consider all of our other neighbors stronger (Germans 90 percent, Russia 84 percent, Ukraine 61 percent) or equal (Czechoslovakia and Byelarus).

Krzysztof Skubiszewski at a meeting with journalists referred to talks in Helsinki with A. Saudargas, the head of Lithuanian diplomacy. He told his partner that the situation of Poles in Lithuania is affecting relations between the two countries and that it would be bad if they got worse. Our minister proposed that the Republic's Supreme Council again consider the date for elections to councils in the Solecznicki and Wilno regions because extending the commissary government by six months is creating a bad situation. He also drew attention to the issues associated with land ownership and real estate.

RZECZPOSPOLITA notes "A Slower Decline in Optimism" on the basis of a survey among consumers (Demoskop and the Center For Research on Public Opinion). The index of intention to buy has been as follows: December 1991, 78 percent; January 1992, 73 percent; February 1992, 69 percent; March 1992, 65 percent. The respective consumer index were 72, 65, 61, and 58. Fear of inflation increased in comparison with February.

The first congress of the Trade Union of Farmers "Self-Defense," which was registered in January, elected officers; Andrzej Lepper was elected chairman. On Solidarity radio, he said that Gabriel Janowski, minister of agriculture, is incompetent and should be removed. He also accused the minister of deceiving farmers both as a roundtable participant and later during talks in Zamosc and before the Sejm.

Leszek Moczulski has again been elected chairman of the Confederation for an Independent Poland (KPN). He was the only candidate. He declared that his party will remain in opposition to the so-called small coalition—the UD [Democratic Union], the KLD [Liberal Democratic Congress], and the PPG [Polish Economic Party]—and to any government in which they participate. The leader of the KPN foresees that new elections, in which his party would win, could be held as early as the fall. [passage omitted]

The government has made self-corrections to the proposed budget: 300 billion zlotys was moved from the budget of the Ministry of National Defense to the Ministry of Internal Affairs. The minister of education was authorized to increase teachers wages in conjunction with the expected restructuring of employment in the ministry.

Poles on the reforms. In the last March 1992 survey done by the Public Opinion Research Center, 56 percent thinks that the previous reform process has proceeded too slowly; only 14 percent thinks it has proceeded too

quickly; 20 percent thinks it has proceeded as needed. 19 percent of the respondents thinks that democracy contributes to the reform process and supports its acceleration; 18 percent supports acceleration but thinks that democracy has no influence; 11 percent is "inclined to support limitations on democracy in the name of modernizing the country."

Ruch has refused to distribute the new weekly NIE FOR CHILDREN published by Jerzy Urban. Ruch has a monopoly on the distribution of magazines; Jacek Debski and Włodzimierz Słowiński, the enterprise's directors, made the decision. They had not previously seen the indicted magazine. "Urban did not present us a trial issue," said E. Szafranska, spokeswoman for Ruch, "and the advertisements indicated that it would be a magazine bordering on pornography. In the name of higher values, we will not distribute it." J. Urban declared, "I say the motives for the refusal are political. The refusal is illegal; it violates several rights simultaneously. It is not even preventive censorship, but 'blind' censorship. No one even looked at the first issue of the magazine which was murdered. An arbitrary, illegal decision by the authorities concerning what can reach the reader and what cannot constitutes a precedent threatening the free functioning of the entire press." [passage omitted]

In the rankings of institutions according to the survey done by the Public Opinion Research Center (5-10 March 1992), the leaders are: the military (which has lost 13 percent in the course of six months), the police and the church. At the end of the list is the Supreme Chamber of Control preceded by the OPZZ [All Polish Trade Unions Agreement] (which has nearly drawn even with the Sejm and is the only institution whose rating has increased over the last six months; disapproval for it decreased by 16 percent). [passage omitted]

Four deputies of the so-called Christian-democratic faction of the Parliamentary Club of the Center Accord have pledged not to participate in the work of the club. They are accused of divisive actions. They are Andrzej Anusz, Kazimierz Barczyk, Andrzej Kostarczyk, and Piotr Wojcik.

The Supreme Court has reversed the verdicts from 1969 against the initiators of the so-called March events: Jacek Kuron, Karol Modzelewski, Adam Michnik, Jan Litynski, Seweryn Blumsztajn, Barbara Torunczyk, Wiktor Gorecki, Antoni Zabrowski, and Henryk Szlajfer. J. Litynski and S. Blumsztajn opposed the prosecutors request for reversal. "It is understandable that Mr. Blumsztajn is proud of his sentence (he was sentenced to two years of imprisonment), but the Polish judicial system is embarrassed by it," said the judge.

At a congress of antiabortion activists, Cardinal Jozef Glemp, primate of Poland, criticized the media and said among other things: "Okay, what is the reaction of the ombudsman for citizens' rights? But what one must expect is that he will defend the basic rights of citizens,

which include human dignity, respect for individuals, his name, his positions, otherwise we can call him the custodian of the regulations of the old regime." Asked for a commentary, Prof. Tadeusz Zieliński, ombudsman, responded that he would leave the issue "without commentary." Asked about the same thing, Prof. Ewa Letowska responded that the primate's accusations against Professor Zieliński are wrong: The "ombudsman is not a mercenary for hire." Prosecutors are to watch the press.

A wave of strikes is looming according to more than 70 percent of the respondents in a survey done by the Sopot Institute for Social Research for RZECZPOSPOLITA. In January 1992, a similar opinion was expressed by as much as 90 percent of the respondents. Young people and poor people expressed this opinion most frequently.

"Will the government last through 1992?" was the subject of another survey by the Sopot institute done for RZECZPOSPOLITA. The survey was repeated in January, in February, and, most recently, in March. More Poles think that it will last: 29.2 percent (previously 26 and 27.9 percent), but more also think that it will not last, 46.4 (I. 44; II. 34.8).

Against panic. Contamination after an accident at the nuclear power plant in Sosnowy Bor does not threaten Poland; the level of radioactive materials has not increased. "Remain calm and cool." Docent Witold Ruzyllo of the cardiology clinic in Anin told those concerned. "In Poland we have no signs, I emphasize, no signs that anything has happened to those with inserted valves." (This pertains to reports of breaks in valves produced by Bjoerk-Shiley). More in NOWA EUROPA for 26 March 1992. [passage omitted]

#### Opinions

[passage omitted]

**Aleksander Malachowski, deputy from Labor Solidarity (SP):**

(Interviewed by Teresa Kwasniewska, GAZETA POMORSKA 13 March 1992)

[Malachowski] "Are we entering a regime epoch?" I ask again. We are slowly again bolshevizing ourselves! Increasingly irresponsible, intolerant slogans are appearing. We are making all the same mistakes the communists made in Poland in the 1940's when they took power. We are thoughtlessly ousting people from many positions, people who are prepared to perform their functions, only because they once belonged to the party. This is as if a significant portion of the leadership of Solidarity did not belong to the party at one time. There is a certain paradox that those who left the PZPR [Polish United Workers Party] five years earlier are good; those who turned their party cards to be held are also good; but those who did not, though perhaps in a way more honest, are generally considered bad. Now the former are beginning to slide the latter out of their

positions. I say that a hysterical pursuit of people under another "sign" has begun, and it has led society to believe that everything would be good if there had not been a *nomenklatura* earlier.

**Dr. Pawel Moczydlowski, director general of the Central Bureau of Penal Institutions:**

*(Interviewed by Marek Brodowski, TRYBUNA OPOLSKA 21 March 1992)*

[Moczydlowski] I must tell you that I have a heavy hand not only for the functionaries, but also for the prisoners. My definition is as follows: We are abandoning the repressive model of imprisonment, but we are retaining repression as a reaction to improper behavior by prisoners. We cannot get rid of that; that boundary cannot be crossed. If you smash a toilet—it is well-known there is a shortage of money—you will pay for the damages and you will use a bucket. Learn the negative consequences of your behavior and lack of restraint!

**Ewa Bonczak-Kucharczyk, deputy mayor of Bialystok:**

*(Interviewed by Jozef Makowiecki, GAZETA WSPOLCZESNA 17 March 1992)*

[Makowiecki] Already 525 families nesting in summer kitchens, garages, and summer houses are begging the city office for apartments, and 3,000 should be moved immediately because they are living in houses on wheels.

[Bonczak-Kucharczyk] People in this country think that someone should set them up in life, think for them, build for them, give them, offer them, direct for them—from the beginning to the end. We are living in a different epoch. They must begin to think for themselves. The poor, too. Everyone comes to this office and says the same thing—someone should set us up, organize our life, offer, give. Reality is now different. This no longer the old system.

**Adam Michnik, editor in chief of GAZETA WYBORCZA:**

*(Interviewed by R. Cieplinski, DZIENNIK SZCZECINSKI 16 March 1992)*

[Michnik] All of us, even the best, who really did a great deal to overthrow communism, are children of that period. And so now, we are beginning to decommunize each other, it turns out that in our dramatic situation we, instead of talking about how to deal with unemployment, how to gain social approval for a difficult policy, how to handle education, will hold a bidding contest on who was the greater pig....

Who prohibited Minister of Justice Wieslaw Chrzanowski to decommunize, to settle accounts, when he was general prosecutor in Bielecki's government? Who has prevented Macierewicz from settling accounts? He said that he would liquidate all affairs in three months. And now three months have passed. [passage omitted]

**Iliescu Seen Profiting From Opposition Disarray***92BA0839D Bucharest ROMANIA LIBERA  
in Romanian 18 19 Apr 92 p 1*

[Article by Tia Servanescu: "Where to, Opposition?"]

[Text] The past week cleared up something among the democratic opposition; unfortunately, it was along the line of the "zero growth" forecast by the government in the economy. Namely, the PNL [National Liberal Party] pulled out of the Democratic Convention, something that in a way unfortunately evened out the score by a self-inflicted goal. After the one scored by Petre Roman in the FSN [National Salvation Front] team, it was Radu Campeanu's turn to carry to the end his role as collaborating member of the opposition and to send the ball into the opposition's net. In our so restless and infantile politics, powerfully dominated by improvisation and pride and sapped by interests, this blow cannot be felt as anything but an act of disloyalty toward the electorate and as a failure to understand the main purpose of all public activity: getting rid of communism. It would seem that the Bulgarians and Albanians have better understood the lesson of history and managed to forge the necessary unity to pierce the communist wall. Only we are shifting the responsibility for this kind of coherent action onto others; only we believe that others are responsible for our failings. A better opportunity than that offered by the FSN split could not have been hoped for. Nevertheless, the situation was suddenly made worse by none other than one of the members of the opposition team. Like the FSN, the Democratic Convention could say: "Lord, protect me from my friends; from my enemies I can defend myself." What is to be done? There is nothing to be gained by excessively dramatizing this break. After all, losing an uncertain partner like Mr. Campeanu may become an advantage. Gaining in clarity and determination can compensate for a loss in prestige, especially since the PNL prestige was rather crimped by Mr. Campeanu. By accepting other clearly anticommunist parties and organizations (because that is the first priority and the essential condition for cooperation), the Convention can restore its numerical strength relatively easily. The problem now is to recover the time wasted on internal negotiations. Because the fact is that, while many parties—some utterly insignificant—are flirting with the idea of going to the presidential election separately (another of the stupidities of our electoral campaigns), while the opposition pool of candidates from which a sole candidate is to be nominated has not yet been formed, President Iliescu, the main adversary of the opposition, has a considerable lead in the electoral campaign. The television shows him every evening at leisure and for some time now he has been paying visits to various counties to win goodwill. Since it is not at all certain that everyone realizes the ridiculous nature of these clips with mountain troops aligned at the reception and mayors standing to attention with tricolor sashes across their chest as if they were conducting a civil marriage, the opposition would do better to resolutely enter the race. It has become quite clear that if we are

serious, we cannot afford to play the game with several candidates. Not even the former presidential candidates can rise any claims. The fiasco two years ago, as hard as it was predictable, will continue to show its effects. Although various and disparate groups are already standing out, will the entire Romanian opposition be capable of overcoming the almost pathological fragmentation of its cells and drawing a common breath? If yes and if it will run a single candidate, the result may be the defeat of the communists. If not, if we continue having several "teams" and several candidates wasting each other's votes, the tenacious Ion Iliescu may manage the record feat of continuing as the only communist president in Europe. That would condemn the Romanian people to a delay that may prove fatal to both democracy and the national economy, and may prolong the polite isolation into which the West has placed us as a contaminated country. Each one of us has frequently felt that our country's present history seems to be alternately marked either by a curse or a miracle. Things that seemed certain and advantageous often fell through without warning, throwing us into a fresh impasse; at other times, when everything seemed messier than ever, something new and unexpected occurred to save the situation and restore our lost hope. Why not believe that this year, at least at this time, we can free ourselves from the communist nightmare? We have already lost two valuable years. We must win the next four, in other words, we must begin the change.

**Securitate 'Collaborators' in Diplomatic Corps***92BA0839C Bucharest ROMANIA LIBERA  
in Romanian 14 Apr 92 p 4*

[Article by Petre Mihai Bacanu: "Securists and Ambassadors"]

[Text] Immediately after the revolution someone told me that the securists [former members of Securitate] had realized that their profession was no longer in demand. Nothing of the sort. The gentlemen have been picked up, first by the presidency, then the SRI [Romanian Intelligence Service], SIE [Foreign Intelligence Service], and most massively in foreign trade and diplomacy. The government simply did not grasp that no one wanted to skin the securists alive, but neither did anyone want to see the killers and torturers of those who in one way or another had tried to weaken the communist system and eliminate the dictatorship, climb onto the new democratic structures. The securists dispatched to represent us may argue that they had defended the country's integrity. What system did they defend? One that oppressed the people? What big contribution did they make to Romania's development by throwing in jail the cream of our intellectuals, workers, and peasants? They did nothing but consolidate a system, so now they have no right to boast of their "patriotism." Not to mention the fact that they systematically undermined the Western democracies to which we now all aspire and where—the peak of irony—they today represent us. Until not very long ago they were spending the country's money on articles and



books published in the West about Ceausescu or on so-called national liberation movements, whereas now they represent the president of socialism with a human face, while their "press" entertains us by writing that Doina Cornea is a CIA agent. The problem that arises in a democratic society is: Should we still entrust our fate to old Securitate tools?

We wish to join Europe and to be recognized by all the states as a democratic state and we want our foreign policy to actively contribute to developing our political relations, especially our economic and commercial relations, by promoting increased exports of Romanian products, so that we can earn hard currency, which in the final analysis can improve our balance of payments, something that will contribute to changing the life of the Romanians.

After more than two years of FSN [National Salvation Front] government we are still far away from the gates of Europe. We wonder, for good reason, why our foreign policy and the activities of the Romanian Embassies are not effective abroad. The main cause is the quality of our ambassadors and even the quality of certain Foreign Ministry staff. Our embassies are teeming with securists or former Securitate collaborators who, using the same methods as in the Ceausescu period, are compromising the Romanian diplomatic service and its democratic traditions, which had enjoyed exceptional appreciation in the postwar period.

How the present composition of the Romanian diplomatic service was attained is easy to explain. Immediately after the December 1989 revolution Sergiu Celac (a former Securitate collaborator) was appointed foreign minister, he approved the rehiring of career diplomats in the Foreign Ministry, but also a massive group of securists and former Securitate collaborators, who were immediately sent abroad. Sergiu Celac did the same with former Foreign Ministry directors compromised by their slavish behavior during Ceausescu's time. Even more significantly, the former directors were dispatched abroad as ambassadors. If we examine Romania's Diplomatic and Consular Yearbook for 1990, we can list the following current ambassadors who were Securitate collaborators: Ion Covaci, Cairo; Mircea Mitran, Tokyo; Nicolae Virgil Irimie, Abu-Dhabi; Vasile Ilea, Lisbon; Ion Mielcioiu, Damascus; Romulus Ioan Budura, Beijing; Dimitrie Stanesco, Amman; Marin Ungureanu, Copenhagen; Tudor Zamfira, Algiers. The list is longer, but we will stop here. Among the Securitate officers who in 1990 were employed under diplomatic cover were: Mircea Mironenco, first secretary in Tel Aviv; Nan Onoriu, economic counselor, Kuwait; Nicolae Iordache, counselor, Beirut; Vasile Pruna, counselor, Tripoli; Aurel Turbaceanu, former Arabic translator, minister counselor and now ambassador in Rabat; Stefan Bazna, first secretary, Damascus; Ion Dobreci, second secretary, Damascus; Constantin Pirvutoiu, ambassador to the EEC, Brussels.

We leave the pleasure of naming the other undercover officers currently serving as diplomats abroad to our friend General Mihai Caraman, viewed by the new government as a "hero" for having managed to put together an espionage network in Paris in Ceausescu's time. In other words, for undermining the Western democracies and strengthening the totalitarian regime. It would seem that Mr. Magureanu won: He managed to have Mihai Caraman fired.

Former Securitate collaborators who currently serve in important positions at our embassies abroad are: Nicolae Murgu, minister economic counselor, Paris; Constantin Girbea, general consul, Berlin; Dumitru Aninoiu, counselor, Rabat; Dorinel Mucea, economic counselor, Ankara; Ioan Donca, counselor, Budapest; Aurel Ioncica, minister economic counselor, Moscow; Ioan Neagu, charge d'affaires, Yemen; Ioan Petru Cordos, counselor, Rome.

These were only a few examples of counselors, but the number of former Securitate collaborators currently serving in various posts at our embassies is an issue worth studying.

Let us now dwell for a moment on the Foreign Ministry central, where we can point to several former Securitate collaborators: Marcel Dinu, head of the Political Analysis and Information Department, who collaborated with the Securitate and especially with the DIA [Military Intelligence Directorate] (and was a close friend of Cornel Pacoste); Gheorghe Vladimir Visinescu, adviser at the Directorate for Near East and Northern Africa; Constantin Dragusanu, adviser at the European Directorate; Nicolae Kojacski, first secretary at the Directorate for Asia and the Far East.

To top it all, President Ion Iliescu also has an undercover officer, belonging to the DIA, in the person of the chief of protocol, Mr. Manciu. Is it possible that all the securists infesting the presidency have repented? Formulas like "Iliescu-Securitate-SRI" or "Roman-Caraman" have increasingly gained in substance. Regardless of what the reactivated securists think about the reform, they are all against putting on trial even those who killed engineer Gheorghe Ursu; they are, however, in favor of an alliance between Iliescu and the national-extremist parties.

We need an intelligence service and we need diplomats. But they must be new people. Can we breathe a new spirit into the process of democratization with former securists? They, too, alongside the members of the nomenklatura, participated in the destruction of the country, a "work" that they still continue. They brought the economy into a state of agony, while the securists who opened businesses have become billionaires. They have grown rich and are luxuriating at our embassies while Romania is barely keeping body and soul together.

P.S. From remote Australia we received a report that the head of the Foreign Ministry Consular Directorate expressed disappointment in Sydney for the fact that Romanians in the diaspora do not contribute to

improving Romania's image. Except that the Romanians of Sydney had found out a few things about the head of the Consular Directorate. A film made by British television about the Romania Libera group was circulated in the West. One person, interviewed on the steps of the Sector I Court, was asked why after the revolution he did not utter a word about the Securitate, which was dictating sentences to him. His answer was: "I hope that Mr. Bacanu realized that I did everything possible in that trial." Of course I realized that he did "everything": He gave me five years, plus one-and-one-half years in increment. Exactly as Colonel Burloiu, the 6th Directorate interrogator-torturer had "prepared" me before the trial.

This is the first time that I write about the former president of the Sector I Court, Alin Burea. I could write a book about this chapter. Immediately after the revolution I heard that he resigned and went into law. I thought that was his way of atoning for his sins and for all the trumped-up trials in which he fully participated. It was not possible, esteemed readers, that a court president did not realize what the crime was when a file came directly from the Securitate, which did not even bother to use militia forms for statements, when the judge was instructed how to question the "defendant" and what sentence to pass, and to have the trial held on a Saturday afternoon, when the court was utterly deserted.

Mr. Alin Burea worked as a lawyer for a while, hit rock bottom and, when he saw that his Securitate protectors had climbed to the highest positions in the new system, he hopped right up into the director's seat at the Foreign Ministry Consular Directorate. It is very laudable that we are bringing Titulescu's bones home, but promoting such individuals does completely compromise us.

We feel sorry for our former colleague Adrian Dohotaru, currently a minister secretary of state at the Foreign Ministry, that we have to reveal all this about his subordinate, Alin Burea, but we were disappointed to see him accompanied to Sydney by a notorious Securitate collaborator, especially since Mr. Dohotaru himself suffered at the hand of the communist regime. The fax received from Australia read: "As long as Securitate collaborators represent Romania's interests in the world, the results will be seen in the plate of every Romanian." It is not people like Alin Burea who will temper the voice of Romanians abroad who can only accept that one and one make two.

Alin Burea's appointment to that important Foreign Ministry post aroused amazement among jurists, too. Colleagues of his claim that he had been collaborating with the Securitate ever since the 1970's, when he was appointed judge. Since about 1985, as court president, he was scrambling to take all the cases staged by the Securitate. After the revolution he did not hesitate to tell how the Securitate instructed him about handling every political case. Does Mr. Adrian Nastase know what is happening at the Foreign Ministry from a certain level down?

### FSN's Political Prospects After Split

92BA0839A Bucharest "22" in Romanian 17-23 Apr 92  
p 3

[Article by Tudorel Urian: "National Salvation Front in Search of the Lost Electorate"]

[Text] As was to be expected, the designation of the leadership bodies of the National Salvation Front [FSN] brought no major surprise. Petre Roman's supporters—and implicitly the supporters of the motion "The Future-Today"—encountered no opposition in sweeping up all the key positions in the party.

In a way, the Front's National Convention brought about a very interesting reversal of the situation. Before the convention, no one knew precisely what the Front was and what its political program was, but, on the other hand, most everyone, from simple voters to political rivals had an image, realistic or otherwise, of who the electorate of the government party was. Now the details concerning the Front's strategic choices seem to have cleared up, but the great unknown is the number of possible voters for Petre Roman and his team. In order to try to figure out the real situation of the Front electorate we need to analyze the sensational results of the 20 May 1990 elections. Those results were to a great extent brought about by a certain historical, unrepeatable context. On 20 May the Front won 65 percent of the votes by vigorously pedaling along on the one hand, the path of cheap populism and on the other, that of the "amorality" of those who had come to sell out our country without having first passed the tough test of eating soybean salami, and finally by betting on people's natural desire to relax after five months of continual revolution. Fear of the discomforts of the transition period and the Romanian's ancient concern that the neighbor's goat may overnight prosper unpermissibly much, in the end decided the dispute in favor of Mr. Iliescu's rosy smile. On 20 May the electorate was too tired and too eager to savor the victory of Iliescu's elimination [as published] in order to accept the radical changes recommended by the two presidential candidates who were assumed to not know too much about Romania and the real needs of the Romanian people. At that time, although he was unquestionably popular, Mr. Petre Roman was merely an appendage, albeit important, to Mr. Iliescu.

What changes were brought to this picture by the recent National Convention of the Front? First, Petre Roman has taken his fate in his own hands and given up Mr. Iliescu's tutelage. The separation from Iliescu means giving up the cheap populism, people's desire for relaxation, the rosy smile, and the "retro" trend, all of which were until recently tied to the Front idea. What is more, Petre Roman has become an avowed supporter of radical changes; his current political discourse features many elements borrowed from those who at the previous elections had avoided contact with soybean salami. In this situation, for the 20 May electorate the present FSN

is no longer the FSN. Even if some of the ideas of the Future-Today motion may have been circulated at the time, they were inevitably treated as mere demagoguery and soon forgotten behind other demagogical declarations. From this viewpoint, the Front's dissident factions are right when they state that Petre Roman betrayed the ideals of the 20 May voters.

In another connection, the Front president does not have too many options for attracting a new electorate. The Front's present political program increasingly resembles those of the parties belonging to the Democratic Convention. And clearly, anyone who supports this kind of program of a more liberal orientation will prefer the original to the copy, i.e., will vote for the Democratic Convention, be it only for the simple fact that the risk of falling into a new demagogical trap are thus far reduced. On the other hand, neither can the new FSN-22 December party brag of having held on to the 20 May electorate. Just as the opposition, too, failed to win over these former Front sympathizers disappointed by the transition period. It is to be expected that these former Front voters will not vote at all at the coming elections, or, which is worse, will cast a protest vote, as in Poland.

Regardless of the choice of this lost electorate, the FSN has every reason to look to the future without too much enthusiasm. At the moment the only possible alliance for Mr. Petre Roman is with the parties of the Democratic Convention. But it would seem that neither the Peasant Party nor the PAC [Civic Alliance Party] are currently willing to go into an electoral alliance with the FSN. Should the liberals get out of the Democratic Convention—something we cannot assume for a fact until the PNTCD [National Christian Democratic Peasant Party] and the PSDR [Romanian Socialist Democratic Party] have officially responded to the new cooperation offer made by Mr. Radu Campeanu—the FSN will seemingly miss the chance of an alliance with the Liberal Party-Young Wing, too, for whom a far more advantageous access to the Convention will thus open up. On the other hand, the Democratic Agrarian Party [PDAR], another former Front ally, appears in all its actions much closer to Mr. Iliescu's supporters than to the present FSN. Consequently, Petre Roman now finds himself between a left wing that has just ousted him and a right wing that does not seem disposed to take him in. Which does not necessarily mean that he is at the political center.

In the wake of his victorious National Convention Petre Roman has managed to secure the right to be the exclusive user of a label that two years ago defied all competition: the FSN. Even though in the meantime the goods may have come down in price quite a lot, there will probably still be enough people, especially in rural areas where politics is viewed as a useless pretense, who will reflexively place their stamp on the Rose. Which is already a gain. The only one, so far.

## FSN Split Seen as Mere Struggle for Power

92BA0834B Bucharest ROMANIA LIBERA  
in Romanian 10 Apr 92 pp 1, 3

[Article by Octavian Paler: "Political Fraud"]

[Text] So we are going to have an "old FSN [National Salvation Front]" and a "new FSN." At the organizational level, so to speak, the guerilla war between the Iliescu and Roman camps in the Front ended in the tritest possible manner: It ended in a split. But also with an illusion, around which orators from both sides will probably stomp. That is because such splits or separations create the illusion that one of the sides was right, that the healthy side had separated from the sick one, or conversely, that the good side managed to get rid of the bad side. That is exactly the illusion created and maintained by the quarrel between Ion Iliescu and Petre Roman, which made many people imagine that this "war of the roses" was decisive for the fate of the poor Romanian democracy. Aside from the fact that together they caused the postrevolutionary crisis with everything it involved in terms of suffering, confusion, hostility, and, last but not least, tragedy—because the only East European country that paid in blood for escaping totalitarianism saw itself become a negative exception—the present president and former prime minister paradoxically managed to legitimize each other by their dispute, in other words to give the impression that at least one of them represented the future, or at least a possible future. The same kind of illusion has now become possible. After getting involved in all the farces and sins of these almost two-and-one-half wasted years, will the FSN manage to shed off some of its sins by a split capable of misleading by creating an impression of "good guys" and "bad guys"? It would be one more farce if we woke up to find that an act of disintegration has ironically become a successful maneuver! and that, seriously eroded by a bad management that cast a raw light on empty words, the Front is recovering some of its disappointed sympathizers and drawing them to one of the camps, and that, torn in two, it is managing to turn its internal hostilities into the main arena for the struggle for democracy in our country! All that is needed for that is one ounce of blindness and about as much credulity.

But the birth of an "FSN—22 December" is also raising another problem, equally important I think, a legitimacy problem. The FSN fundamentalists who indignantly abandoned the ship when they saw that the game was lost, now want to represent themselves to us as the only "faithful" followers of the cause of the revolution. In order to separate themselves from the "traitors" who steered it to "the right," they are going back to the sources, namely to the FSN initial platform. But first, was the platform brought to the information of the public in December 1989 by the Front National Council as a party platform? As far as we remember, Mr. Iliescu was featured last on the list of the first council. We realize that he must have put himself there out of modesty, but was it not also because he was infinitely less

revenues, and so forth. Mr. Surdu became the champion of the neocooperativization of the Romanian village. Every breathing soul is expecting divisions of tractors from the PDAR. Policemen with some seniority are having the most fun. They cannot get over the fact that a character with Mr. Surdu's perplexing past could become a party leader. They provided us with a few facts, which they asked us to publish so that the public will know with whom they are dealing:

- 1974: Victor Surdu was in a car accident in which he fatally injured a 40-year-old woman from Răducaneni, Iasi, mother of four. He was put on trial for manslaughter. At the time he was chairman of the Grozesti agricultural cooperative. Acquitted.
- October 1986: Under a Bacau County Court sentence, he was obligated to pay damages to the Grozesti cooperative for abetting some characters in dubious timber deals. Considering the fact that during the trial he was promoted to secretary of the county party committee, small wonder that the case was removed from Iasi to Bacau. The outcome? The file was closed.
- About the same time, Mr. Surdu was investigated by the Prosecutor's Office for taking bribes from agronomists who wanted to transfer from one county to another or to have their assignment orders voided.
- The rotation started. In the wake of numerous complaints, he was "sanctioned" by being made a mere director with the Agricultural Directorate, then was fired and appointed...director of the Pastures Enterprise. Six months later he was once again appointed director of the Agricultural Directorate and re-promoted to the county party committee. After 22 December 1989 he made it to minister of agriculture and leader of the PDAR. Good job, Mr. Surdu.

### PNL Chief Urges Communist Parties Outlawed

92BA0834C Bucharest TINERETUL LIBER  
in Romanian 10 Apr 92 pp 1-2

[Interview with National Liberal Party Chairman Radu Campeanu by Lucian Cristea in Constanta; date not given: "Let Us Condemn the Past Imposed on Us From Abroad"]

[Text] [Cristea] Mr. Campeanu, at an electoral meeting held before the local elections here, in Constanta, Senator Gheorghe Dumitrascu said, among other things, that the National Liberal Party [PNL] was a communist and a populist party. What is your stand on such statements?

[Campeanu] Judging by what he tells us, I do not know whether Mr. Dumitrascu, who is a history teacher, knows exactly the meaning of communism and populism, but in any case, if we are talking about communism, we want to tear it down. Completely. As it happens, I have been saying this for 43 years and I think that finally we will now have an opportunity to do it. Not by

sending the former party members to the canal [forced labor camp], as some say. I was there and I know what it is all about. I was even one of the founding members, along with Cornel Coposu and a few other members of the famous Midia team of 14. So we know something of what a canal can be. We do not wish to create any more canals. There is no need. But we do wish to make disappear everything that the Marxist-Leninist system left behind as institutions, structures, and ways of thinking and judging. That we must do! That is undisputably not at all easy. Especially since there are people, like Mr. Dumitrascu, who dare to talk about populism and communism. I think that such a statement, made by such a man, is a shame, it is indecent. If we are talking about populism, we are a national liberal party that wants to continue to practice, disseminate, and implement a liberalism that we call pragmatic. Why do we call it pragmatic? Because we do not want to practice, as various newspapers have accused us, a wild liberalism, meaning a liberalism that ignores the social realities and the needs of certain categories of people, as well as a whole array of other realities of daily life. We want to practice a liberalism tempered by social concern; social, not socialist. I want to point out to Mr. Dumitrascu and others like him. We will struggle against socialism—I want to state that clearly—and we make no confusion between what is socialism, i.e., what is Marxism, be it even Leninism, and the rest of the social concept. Consequently, this is what we want to do, and when we say that we practice opposition, we indeed oppose all those who would like to extend the old system and even to clothe it, as they have, in new formulas, some of which are even introduced as liberal. But the new, liberal formulas were only an appearance, whereas the substance was collectivist and socialist.

[Cristea] Your recommendation to outlaw the communist party elicited all kinds of comments. Some people said it was an undemocratic act.

[Campeanu] Yes, that is true. Some said, how is it possible that you, a liberal and a democrat, should suggest that a party be erased from the Romanian political spectrum. That is undemocratic, they said, because communist parties exist in the West, too. The answer is simple. The West experienced national socialism, while we experienced communism. Had the West experienced communism exactly the way we did, it would have dealt with it exactly as it dealt with national socialism. Consequently, from this viewpoint, the comparison between us and the Western democracies must be reversed. The fact that a democrat must allow every party to exist is a very interesting theory. But I believe that in Romania's case, this theory must be lightly amended because in everything that it did, the PRC [Romanian Communist Party] did more damage than any political party ever could. More than that. It was a system, a tool that in my view destroyed the Romanian people's means of growth. Consequently, the matter cannot be viewed only in its strictly theoretical aspect.



[Cristea] How do you see the trial of communism?

[Campeanu] The issue is, whom are we putting on trial? Ideas? Concepts? Individuals? Who? This is not at all a simple issue. But it will be resolved. Many months ago we filed a draft bill to outlaw the communist party of Romania and other parties of a communist origin, like the Socialist Labor Party. I can tell you that when we filed that draft bill we did something that is not usually done in Parliament: I allowed myself to read it out in plenum. Oddly enough, at the time there were not too many objections. I requested the emergency procedure to be applied. It was granted. A curious kind of emergency, considering how long it was until it was discussed. But that was not the most important thing. The draft normally went to the specialty commissions, the legal commission and the political and human rights commission. And what do you think that the chairman of the political and human rights commission said? I cite from memory: "After all, we do not know whether the communist party of Romania was indeed the author of the measures taken in the course of those 43 years." It is true that after the discussions, which lasted two, or two-and-one-half hours, the chairman, too, was persuaded to reflect and examine, and to see what it was all about.... For our temerity we were covered in slander by some of the newspapers, which I do not even want to name. Once again, as I said before, the trial of communism and the draft bill do not deal with individuals, but with the tool that for 43 years oppressed Romania, forced the Romanian people to live the way they lived, and instead of a progressive development of this nation, it produced a regression and transformed Romania—which 50 years ago was a European country with prestige, relations, and vast possibilities—into an isolated, ignored country with a living standard almost equal to Albania's. Allow me to tell you that such negative outcomes deserve to be laid down in the book of our national history and consciousness. If we want such a bill and such a trial, it is so that the Romanian consciousness can finally separate between what was and what will be. We must all of us condemn the past that was imposed on us from the abroad against our will; our history and consciousness must finally take leave of that past. That is the purpose of the trial of communism.

### **PNL Seen Pursuing Politics of Convenience**

92BA0839B Bucharest "22" in Romanian  
17-23 Apr 92 p 3

[Article by Horatiu Pepine: "The National Liberal Party Is Adapting"]

[Text] What happened on Sunday night at the headquarters of the National Liberal Party [PNL] compels us to recall a few things. Around April-May 1990 the National Peasant Party [PNTCD] called on the opposition to rally in a common attitude of protest and to boycott the first legislative elections. But the idea was quickly abandoned, one of the reasons being the differing preferences of the PNL. Once the elections were over, after the

crushing victory of the National Salvation Front [FSN], which had made good use of an electoral campaign rife with violence and lies, the PNTCD floated the idea of pulling out of Parliament in order to emphasize the illegitimate nature of the new power. The liberals were once again opposed, in the belief that their presence in Parliament, be it even numerically insignificant, was more useful than utter absence. All the more so since the FSN could easily improvise an opposition out of its satellite parties. In the fall of 1990 repeated endeavors to unite the opposition yielded a first positive result. After three months of talks, Mr. Radu Campeanu gave in to the insistent pressures of the PNTCD and the social democrats and signed the accord on the establishment of the Convention for the Establishment of Democracy. The liberals had dragged their feet, although the convention in question did not suggest common lists, only participation in a body designed to coordinate the actions of the opposition. The then compact Front was at the time both intolerant and noisy in both houses. The opposition parties failed to get through even the smallest amendment of substance. The FSN spoke most harshly in Parliament about Timisoara, the origin of the popular revolt, so that the fear of a communist restauration was growing. Once again, withdrawal from Parliament seemed to be the only efficient solution. The increasingly active Civic Alliance was intent on uniting the opposition into a compact bloc capable of providing, by extra-parliamentary actions, a serious counterbalance to the FSN. Once again the liberals refused to leave Parliament, saying that withdrawal was the last form of protest and that it should be reserved for the time when all other forms have been exhausted. Let us also not forget that in the winter of 1990 a liberal delegation went to Controcenti to suggest a coalition government to the president, without first consulting with the other members of the Convention. Consequently, from the very beginning the PNL took a more independent attitude and tailored its political strategy only to its own considerations, feeling hemmed in by the demands of the Convention partners to adjust to a collective strategy.

The results of the local elections, with which once again only the liberals showed themselves overtly dissatisfied, seemed to outline two major political forces: on the one hand the Front, and on the other the parties grouped into the Convention for Democracy. Now, however, the Front has broken up into two seemingly irreconcilable groups, while the PNL is showing a tendency to set itself apart from the Convention, refusing primarily an electoral alliance with the UDMR [Democratic Union of Hungarians in Romania] and the PAC [Civic Alliance Party]. Immediately after the revolution, despite their recourse to history, all these parties were practically invented and each of them tried to shape the society according to its own image. Two years later, however, these institutions have become loaded with the substance of actual interests and colored by their mentality. The PNL seems to be the first opposition party to be stepping out of the "idealistic" zone and adjusting by making concessions to populism, nationalism, and the

insidious idea of social reconciliation. When a document as important as the Privatization Law was discussed, Mr. Radu Campeanu proposed as a political solution to distribute 50 percent of shares free, ignoring every economic criterion (and in the final analysis, in complete contradiction to the liberal doctrine). Regarding the SRI [Romanian Intelligence Service] Law, the same gentleman opined that the archive files of the former Securitate should not be opened to the public, because that would feed vendettas and increase the social tension. Later, consistent with this new orientation, Mr. Campeanu rejected the idea contained in Point 8 of the Proclamation of Timisoara. And recently, a growing number of declarations have been made regarding the ambivalent attitude of the UDMR, with a view to winning the sympathy of the Transylvanian electorate. It has to be noted, however, that these orientations often come in explicit conflict with party ideas and members. That is why we find it nevertheless difficult to talk of the PNL as an undifferentiated gathering. But as long as the leader can still impose his viewpoints it can be said that the PNL tends toward a policy of mediocrity and convenient adjustment. Slowly, slowly, if it continues to view electoral success as its only concern, the party will lose its substance and suffer precisely that loss of identity that it now seems to fear around the Convention partners. The fact that the idea of a coalition with PUNR [Romanian National Unity Party] could appear at all in the PNL was symptomatic. Nothing came of it, of course, but it does tell us something about the party's readiness to adapt and the low resistance of its ideas.

On the other side, the scattered Front hopes that the Convention will disintegrate. Each of the two wings needs cooperation with the opposition, and a solid group is more difficult to approach. For the time being the problem is limited to working out a program for the elections, and we find it difficult to tell at this point who will support whom for the purpose of postponing them for the fall. One thing is, however, certain: The 22

December Front needs time, and so does President Iliescu. And after the elections we will probably have two Fronts and two oppositions and, undoubtedly, two possible coalitions.

#### **National Rightist Party Denies Chauvinism**

AU0505135092 Bucharest *CURIERUL NATIONAL*  
in Romanian 29 Apr 92 p 4

["Text" of statement by the National Rightist Party]

[Text] In connection with the news item released by AM PRESS and printed by the dailies ROMANIA LIBERA and *CURIERUL NATIONAL* on 25 April, the Steering Committee of the National Rightist Party [PDN] makes the following statement:

1. The PDN is not an extremist party and does not resume the political line of any right-wing movement of the period between the two World Wars.
2. The party distances itself from any chauvinistic attitudes. We do not intend to combat certain ethnic groups, which have the right to assert themselves; any infractions committed by individuals from those ethnic groups will obviously be dealt with by the legal bodies.
3. Anyhow, the National Right does not promote anti-Semitism, considering that the Jews living in Romania are Romanian citizens enjoying the same rights and freedoms guaranteed by the Constitution to all citizens.

We consider the insinuations published by the aforementioned newspapers as being not alien to certain obscure interests aiming at compromising our party, which is waging an open struggle against communism, for the moral recovery of society, and for the preservation of the national tradition and unity.

President Radu Sorescu

**END OF**

**FICHE**

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